

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



REGULAR MEETING

of the California Horse Racing Board will be held on, Thursday, December 2, 2004, commencing at **9:00 a.m.**, at the Hollywood Park Race Course, Turf Club (Sunset Room), 1050 South Prairie Avenue, Inglewood, California.

AGENDA

Action Items

1. Discussion and action by the Board on the approval of the **minutes of the regular meeting of September 15, 2004, October 5, 2004 and October 14, 2004.**
2. Presentation of the **California Horse Racing Board Resolution to Roger Licht.**
3. Discussion and action by the Board on the **Application for License to Conduct a Horse Racing Meeting of the Bay Meadows Racing Association (T)**, from February 2, 2005 through May 8, 2005, inclusive.
4. Discussion and action by the Board on the **Application for Approval to Conduct Advance Deposit Wagering of ODS Technologies, L.P. d/b/a TVG (ADW)**, for out-of-state multi-jurisdictional wagering hub, from January 1, 2005 through December 31, 2006.
5. Discussion and action by the Board on the **Application for License to Conduct Advance Deposit Wagering of Youbet.Com, Inc. (ADW)**, for California multi-jurisdictional wagering hub and approval for out-of-state multi-jurisdictional wagering hub, from January 1, 2005 through December 31, 2006.
6. Discussion and action by the Board on the **Application for License to Conduct Advance Deposit Wagering of XpressBet, Inc. (ADW)**, for California multi-jurisdictional wagering hub, from January 1, 2005 through December 31, 2006.
7. Discussion and action by the Board on the **Application for License to Conduct Satellite Wagering of the Bay Meadows Racing Association (S).**
8. Discussion and action by the Board on the **Application for License to Conduct Satellite Wagering of the San Mateo County Fair (S).**
9. Discussion and action by the Board on the **request by the Los Angeles Turf Club to implement the 10-day veterinarian's list for the 2004-2005 race meet**, for any horse scratched after scratch time (late scratches), except for horses scratched at the gate.

10. Discussion on the **status of Total Carbon Dioxide Testing and related issues and measures undertaken to complete the rule making process.**
11. Discussion and action by the Board on the **request of the California Thoroughbred Horsemen's Foundation, Inc., to approve two (2) persons to its Board of Directors** pursuant to CHRB Rule 2049.
12. Public hearing on the **adoption of the following proposed amendments:**
 - A. **CHRB Rule 1843.5** – Medication, Drugs and Other Substances Permitted After Entry in a Race.
 - B. **CHRB Rule 1844** – Authorized Medication.
 - C. **CHRB Rule 1845** – Authorized Bleeder Medication.
13. Report on the **current workers' compensation, health insurance and catastrophic insurance package provided to California jockeys** by the Jockey's Guild and the California racing associations.
14. Discussion and action by the Board on the matter of the **Board forming an ad-hoc committee to study, examine and recommend measures to improve California horse racing's popularity and performance.**
15. Staff report on the following **concluded race meetings:**
 - A. **Bay Meadows Operating Company** at Bay Meadows from September 3 through November 7, 2004.
 - B. **Oak Tree Racing Association** at Santa Anita from September 29 through October 31, 2004.
 - C. **Fresno District Fair** at Fresno from October 6 through October 17, 2004.
16. **Election** of CHRB Chairman and Vice-Chairman.

Committee Report

17. Report of the **Ad Hoc Security Committee**
Commissioner William Bianco, Chairman

Other Business

18. **General Business:** Communications, reports, requests for future action of the Board.
19. **Old Business:** Issues that may be raised for discussion purposes only, which have already been brought before the Board.

20. **Executive Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by Section 11126 of the Government Code.
- A. Personnel – Closed session for the purpose of considering applicants for, and the appointment of an Executive Director for the California Horse Racing Board. Closed session is authorized pursuant to Government Code section 11126 (a).
 - B. Board may convene an Executive Session to consider any of the attached pending litigation.
 - C. The Board may also convene an Executive Session to consider any of the attached pending administrative licensing and disciplinary hearings.

Additional information regarding this meeting may be obtained from Roy Minami, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov. *Information for requesting disability related accommodation for persons with a disability who requires aids or services in order to participate in this public meeting, should contact Roy Minami.

CALIFORNIA HORSE RACING BOARD

John C. Harris, Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
Marie G. Moretti, Member
Jerry Moss, Member
Richard B. Shapiro, Member
John C. Sperry, Member
Roy C. Wood, Jr., Executive Director

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PENDING LITIGATION
NOVEMBER 2004

CASE

CASE NUMBER

MARTIN, JOHN v.
California Horse Racing Board

Sacramento County Superior Court
No. 98CS00952

DUFFY, NORMA v.
California Horse Racing Board
and Pacific Racing Association

Hayward Superior Court
No. VG03079504

**CALIFORNIA HARNESS HORSEMEN'S
ASSOCIATION and CAPITOL RACING,
LLC, v.**
California Horse Racing Board

Sacramento County Superior Court
No. 03CS01033

CALIFORNIA HORSE RACING BOARD

**M e m o r a n d u m**

Date : November 18, 2004

To : **California Horse Racing Board**
John C. Harris, Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
Marie G. Moretti, Member
Jerry Moss, Member
Richard B. Shapiro, Member
John C. Sperry, Member

From : Sharyn S. Jolly
Administrative Hearings Unit

Subject : PROPOSED DECISIONS SCHEDULED FOR ACTION-EXECUTIVE SESSION

The following Proposed Decisions and Administrative Proceedings may be reviewed for action:

ESPINOZA, VICTOR
SAC 04-024

Appeal from Board of Stewards Ruling
#092, Los Angeles Turf Club Inc., dated
March 28, 2004.

1010 Hurley Way, Suite 300, Sacramento, CA 95825

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PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Hinds Pavilion** (Barrett's), Fairplex Park, 1101 West McKinley Avenue, Pomona, California, on **September 15, 2004**.

Present: John C. Harris, Chairman
Roger H. Licht, Vice-Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
Marie G. Moretti, Member
Jerome C. Moss, Member
John C. Sperry, Member
Roy C. Wood, Jr., Executive Director
Derry Knight, Deputy Attorney General

MINUTES

Chairman Harris stated he had a correction to the minutes of the Regular Meeting of July 22, 2004. On page three of the minutes he was quoted as saying he "...was more concerned with the quality of Capitol Racing's (CR) assets versus the purse account and loans to horsemen." Chairman Harris said he meant he was concerned with the net worth of CR related to the collectability. Commissioner Moretti **motioned** to approve the minutes subject to Chairman Harris's correction. Commissioner Sperry **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE PACIFIC RACING ASSOCIATION (T), FROM NOVEMBER 10, 2004, THROUGH JANUARY 30, 2005, INCLUSIVE.

Roy Minami, CHRB staff, said Pacific Racing Association (PRA) proposed to run 58 days, for a total of 499 races. The first post time would be 12:45 p.m., daily, and 11:00 a.m. Thanksgiving Day, Thursday, November 25, 2004. Items missing from the application were

the horsemen's agreement, the fire clearance and the name of the racing secretary. Mr. Minami said staff recommended approval of the application conditioned on receipt of the additional information. Drew Couto of Thoroughbred Owners of California (TOC) stated his organization had not received a copy of the stakes schedule and the preliminaries of the horsemen's contract were not completed. Additionally, TOC did not know who would be the racing secretary. He stated he did not know if TOC could recommend approval of the license on a conditional basis, but added TOC had a good relationship with PRA in the past, and he anticipated an agreement would ultimately be in place. Peter Tunney of PRA said a purse schedule and the name of the racing secretary would be available within 30 days. Commissioner Sperry **motioned** to approve the application for license to conduct a horse racing meeting of PRA conditioned on receipt of the additional information necessary for the conduct of the meeting. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE CHURCHILL DOWNS CALIFORNIA FALL OPERATING COMPANY (T), FROM NOVEMBER 3 THROUGH DECEMBER 20, 2004, INCLUSIVE.

Roy Minami, CHRB staff, said Churchill Downs California Fall Operating Company (CDCFOC) at Hollywood Park proposed to run 36 days, six days more than in 2003, for a total of 310 races. The first post time would be 12:30 p.m., daily, and 7:05 p.m. Friday. Mr. Minami said the horsemen's agreement and the fire clearance were missing from the application. He stated staff recommended approval of the application conditioned on receipt of the missing information. Eual Wyatt of CDCFOC said the horsemen's agreement would be

completed within a week. Vice-Chairman Licht asked what security CDCFOC would provide for its races. He stated he would like to see one person per stall on all horses entered to race. Mr. Wyatt said if the Board desired such security, it would be provided. Vice-Chairman Licht **motioned** to approve the application for license to conduct a horse racing meeting of CDCFOC at Hollywood Park subject to enhanced security for entered horses and receipt of additional information necessary for the conduct of the meeting. Commissioner Sperry **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPROVAL OF THE RACE DATES CALENDAR FOR 2005 FOR CENTRAL AND SOUTHERN THOROUGHBRED MEETS AND FAIR.

John Reagan, CHRB staff, said the Race Dates Committee proposal for the 2005 central and southern thoroughbred meets and fairs were: Los Angeles Turf Club (LATC), 85 days, December 29, 2004 through April 24, 2005; Churchill Downs California Operating Company (CDCOC), 62 days, April 27 through July 17, 2005; Del Mar Thoroughbred Club (DMTC), 43 days, July 20 through September 7, 2005; Los Angeles County Fair (LACF) at Pomona, 17 days, September 9 through September 25, 2005; Oak Tree Racing Association (OTRA), 31 days, September 28 through November 6, 2005; CDCFOC, 34 days, November 9 through December 24, 2005. Commissioner Granzella said the proposed 2005 Southern California race dates schedule would increase income for the State and the industry, and the extra days would help union workers maintain their benefits. She said the committee strongly recommended the Board look at a three-year schedule in 2005, rather than the traditional one-year schedule. Chairman Harris said he was concerned the industry was losing December 26

and 27, and possibly December 28. He stated each of the days could be lucrative, especially December 26 at LATC. Chairman Harris said part of the problem began with the need for a long holiday break. He added he did not know if he agreed with the break as racing was entertainment and horses required daily care. The proposed break from December 20 through December 29, 2004, was not a good solution. Vice-Chairman Licht said the committee's recommendation changed dramatically from the August 2004 presentation. He asked what prompted the revision. Commissioner Moretti said the committee looked at the loss of horsemen's revenue and license fees. The proposal included more days than the original proposal and would increase license fees, purses and commissions. Vice-Chairman Licht said December 26 was an important day for fans. He stated he understood LATC was willing to rework the proposal to include that date. Vice-Chairman Licht asked what Thoroughbred Owners of California (TOC) thought of the issue. Drew Couto of TOC said his organization believed a break of three to five days was crucial for the industry and the fans. He stated December 26 through December 28 historically generated more revenues and track commissions, and trading those days for three days before Christmas might not be in the industry's best interests. Charles Dougherty of California Thoroughbred Trainers (CTT) stated CTT advocated a holiday break. Backstretch personnel found the ability to get away for a few days refreshing, and it gave trainers a chance to relax barn routine and give staff a vacation. He stated horses were still fed and watered, but the atmosphere was different and less help was needed if there was no racing. Commissioner Moretti said none of the proposed schedules were perfect, and it was not the committee's intent to penalize any of the racing associations. She reiterated the committee strongly suggested the Board consider formulating a

three-year race schedule in 2005. Chairman Harris asked if TOC would prefer a six or a nine-day break in 2004. Mr. Couto said a nine-day break was probably unrealistic. If, under the proposed schedule, the racing year began on December 29, it would mean a nine-day break, and an unknown number of days off during the 2005-2006 transition. Rick Baedeker of CDCOC said taking a week out of the spring-summer season at CDCOC would decimate its stakes schedule. The stakes schedule was reduced over the last three years, and losing the first week of the CDCOC meeting would trim another \$450,000 from the stakes schedule going forward. Mr. Baedeker said there was more to the proposed calendar than finalizing race dates. The Southern California circuit provided an important change of scenery and kept racing surfaces fresh and safe. The committee included some Wednesdays after holidays to bring CDCOC's meeting to 62 days, but that would not help. Mr. Baedeker said CDCOC could not run on July 6 as it fell between the American Oaks and Hollywood Gold Cup weekends. Both weekends offered guaranteed pick six wagers. The racing secretary worked several weeks to ensure full fields, which provided a great product and sustained a million-dollar guarantee on the pick six. A July 6 card could be difficult to fill, and it could affect the fields for the American Oaks and Hollywood Gold Cup weekends. Mr. Baedeker said if the industry and the Board no longer believed a Christmas break was desirable or necessary, he would suggest the racing calendar return to the 2002 schedule. He commented the proposals made at the August 2004 Race Dates Committee meeting were very close to that schedule. Jack McDaniel of LATC said the introduction of Christmas breaks changed the historical pattern of racing calendars and made future calendars problematic. Mr. McDaniel said LATC stood by its proposal. He stated CDCOC would suffer, but it could open its fall meeting a

week early, and would lose less money than LATC if the dates were not changed. Mr. McDaniel said the schedule proposed by LATC did the least harm to all the Southern California associations. It might not give DMTC the favorable position it sought, but it fulfilled the historical expectations of CDCOC and LATC. Vice-Chairman Licht commented LATC's proposal would open DMTC a week after Labor Day. Mr. McDaniel agreed, but stated through the movement of the calendar DMTC would eventually open one day after Labor Day and remain in that position for two years. Vice-Chairman Licht said that might be a major problem for stakes races. Many Breeders' Cup preparatory races would be close to the Breeders' Cup Day. Sherwood Chillingworth of OTRA said he did not think his organization, or LACF, would appreciate another overlap day. He stated OTRA was still unraveling some of the financial aspects of their 2003 overlap. Mr. Chillingworth said the date for the running of the Breeders' Cup might change as the organization was looking at moving to another network. The Breeders' Cup could run the first Saturday in November as opposed to the last Saturday of October. Chairman Harris said he favored the LATC proposal because he believed six-day weeks should be eliminated. It took away the six-day week, but it did push DMTC back a week. Craig Fravel of DMTC said he did not want to give up the idea of closing the day after Labor Day, but in the past DMTC did close a week later. Most years DMTC would run a week after Labor Day, then on good years close the day after. He stated, however, things had changed since 1983, and the racing world was not the same. Horsemen were not as mobile as they used to be, and tended to have homes and families. The week after Labor Day would pose a hardship on horsemen. Mr. Fravel said running the week after Labor Day would cost DMTC approximately \$300,000 in commission income, and purses would be

negatively impacted by about \$250,000. He said the numbers were not as large as LATC's projections, but with DMTC's shorter meeting it was a significant impact. Mr. Fravel reminded the Board that all of DMTC's income was dedicated to the racing product through capital improvements. He stated DMTC preferred to remain on the current calendar and close the Wednesday after Labor Day. Chairman Harris said DMTC ran the week after Labor Day in 2003, and closed the Wednesday after Labor Day in 2004, with similar results in attendance. Mr. Fravel said attendance was similar, but a lot of handle shifted from on-track to off-track, resulting in lower yields in purses and commissions. Commissioner Granzella **motioned** to approve the 2005 race dates calendar for Southern California, as presented. Commissioner Moretti **seconded** the motion. Commissioner Sperry made a **substitute motion** to approve the 2005 race dates calendar as proposed by LATC. Commissioner Bianco **seconded** the substitute motion. Mr. Reagan said the 2005 race dates proposed by LATC were: LATC, 87 days, from December 26, 2004, through April 24, 2005; CDCOC, 65 days, from April 27 through July 24, 2005; DMTC, 43 days, from July 17 through September 14, 2005; LACF at Pomona, 17 days, from September 16 through October 2, 2005; OTRA, 31 days, from October 5 through November 13, 2005; and CDCOC, 29 days from November 16 through December 24, 2005. Mr. Dougherty said the Board approved the 2005 Northern California race dates, and should consider how the LATC proposal would impact the north. Mr. Dougherty stated the LATC proposal also had racing on December 24, and reiterated the CTT's position regarding a holiday break. The substitute motion was **defeated** with Vice-Chairman Licht and Commissioners Granzella, Moretti and Moss voting "**no.**" Vice-Chairman Licht asked if a copy of the Race Dates Committee's August 2004 recommendation

was available. He stated he understood the committee modified the August proposal because it believed the modified proposal would generate more income. Commissioner Granzella **withdrew** her motion. Mr. Couto said TOC would provide the Board with any data it wished to see. He stated data was available on the California Horse Racing Information Management System. If inquiries were submitted in a timely manner, information would be available for any interested party. Mr. Couto stated it was important that all parties work off the same data. Commissioner Harris said it would be helpful if those concerned could articulate their concerns and questions. He stated a Special Board Meeting to consider the 2005 race dates could be held in Sacramento during the first week of October 2004.

DISCUSSION AND ACTION BY THE BOARD FOR THE 45-DAY NOTICE ON THE PROPOSED REGULATORY ADDITION OF CHRB RULE 1843.6 – TOTAL CARBON DIOXIDE TESTING.

Dr. Ron Jensen, CHRB Equine Medical Director, said there had long been rumors that alkalizing (TCO₂) agents, or “milkshakes,” were being administered to horses on the backstretch. Such agents were commonly thought to alter performance. To test the validity of the rumors, the Board conducted a survey to determine if alkalizing substances were being administered. Samples were collected and analyzed at several race meetings, and the survey was still being conducted at Fairplex Park. The survey revealed that some horses were administered alkalizing agents in excessive amounts. Dr. Jensen said the Board did not have a rule regarding the administration of alkalizing substances. The proposed addition of Rule 1843.6, Total Carbon Dioxide Testing, would allow regulation of alkalizing substances in all breeds. Dr. Jensen said subsection (e) of the rule provided an exemption to Rule 1859.25,

Split Sample Testing. The exemption was necessary because total carbon dioxide in blood was not stable and samples must be analyzed within four to five days. He stated the practice was to analyze such samples within 72-hours, if possible. The split sample rule would have to be modified or waived to allow for an exemption. Chairman Harris asked what would happen if a sample showed excessive levels of TCO₂. Dr. Jensen said it would be a violation of the rule and the stewards or the Board would decide penalties. Chairman Harris asked if the stewards had any violations they could reference if a TCO₂ violations was discovered. Executive Director Roy Wood, Jr., said the Board had medication penalty guidelines. Whatever category a TCO₂ violation fell under would fit within the guideline. Dr. Jensen said a TCO₂ positive would be a class three violation under the Board's guidelines. Vice-Chairman Licht asked if the rule could be amended to make TCO₂ positives class three violations with loss of purse. Executive Director Wood said the rule could be changed to include the class three penalty. Craig Fravel of Del Mar Thoroughbred Club (DMTC) stated his organization supported the proposed regulation. He suggested, however, that the split sample issue would be problematic. Rather than suspend trainers the Board might consider placing horses that test positive in "jail" for a period of time in addition to a forfeiture of purse. Executive Director Wood said the industry might want to consider a change to the law that would create an exemption from the split sample requirement for testing under the proposed regulation. Vice-Chairman Licht suggested racing associations move to purchase equipment required for TCO₂ testing. He stated the industry could pool its resources, as the machinery was portable. Mr. Fravel said DMTC and Oak Tree Racing Association (OTRA) committed the necessary funds during the current meeting. He stated Dr. Stanley of the University of California at Davis indicated

testing on sight was possible, so the associations were willing to move forward. Drew Couto of Thoroughbred Owners of California (TOC) said his organization was prepared to buy equipment for Northern and Southern California. He stated TOC could purchase the machines in the near future, so it would not become an issue. Charles Dougherty of California Thoroughbred Trainers said his organization supported the proposed regulation. Sherwood Chillingworth of OTRA stated his organization would test every horse entered to race during the first week of its meeting, then would randomly test entered horses. OTRA would also hire additional security personnel and additional help for the official veterinarian. For every graded stakes race a security person will be posted at the barn of entered horses six hours prior to post time. Alan Horowitz of Capitol Racing (CR) stated his organization conducted TCO2 testing with the cooperation of the horsemen. The first two finishers of every race were tested, and as CR was unable to fine trainers, violations resulted in a 30-day sanction, which required the horse to be in the detention barn. A second violation resulted in the trainer being out for a year. Mr. Horowitz said the sanctions resulted in many fewer TCO2 violations. Chairman Harris asked if anyone questioned the absence of a split sample in CR's testing. Mr. Horowitz said CR did post-race testing an hour and a half after each race. If there was a high reading, a second blood sample was immediately drawn and tested. While there was not a split sample, there was still the ability to conduct two tests. Commissioner Moss **motioned** to initiate a 45-day comment period for the proposed Rule 1846.3, with the inclusion of a class three violation and a loss of purse. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

REPORT BY REPRESENTATIVES OF THE CALIFORNIA ANIMAL HEALTH AND FOOD SAFETY LABORATORY ON THE POSTMORTEM PROGRAM.

Chairman Harris said the California Animal Health and Food Safety Laboratory (CAHFSL) at University of California at Davis (UCD) was an asset for the industry in understanding the science of horse performance and why horses broke down. Dr. Alex Ardans of CAHSFL at UCD gave a slide presentation and reviewed the history of the postmortem program. He also showed slides and talked about fractures racehorses were prone to receive. Dr. Ardans talked about toe grabs, vertebral stress fractures, and equine protozoa mellitus, which could cause rear leg problems in horses. Chairman Harris thanked Dr. Ardans for his report and stated the postmortem program was a great resource for California.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF XPRESSBET TO AMEND THEIR ADW APPLICATION TO ALLOW FOR THE OPERATION OF THE NEW SIMPLIFIED WAGERING MACHINES THAT WILL COMMENCE OPERATION AT GOLDEN GATE FIELDS ON NOVEMBER 10, 2004.

John Reagan, CHRB staff, said the request by XpressBet would introduce a new wagering machine to California. AmTote manufactured the equipment, which was compatible with the current nationwide system. Mr. Reagan said a working machine had not been installed for testing, so the only information available was written. He stated staff recommended approval of the request conditioned upon the ability of staff and pari-mutuel operators to conduct live tests for compatibility and security. Chairman Harris stated the machine was not much different from hardware any advance deposit wagering (ADW) provider produced. Mr. Reagan said ADW currently required a computer or a telephone. The new wagering machine was a unique approach as XpressBet was proposing a specific piece of equipment. In addition,

interaction with the machine provided limited wagering options. Every machine offered the same races for wagering. The races would be programmed through a server so patrons would not have an option to pick races. Patrons could decide if they wanted to wager on offered races, and they could wager preset dollar amounts on win, place and show, or either of those. XpressBet designed the machine to familiarize the novice fan with wagering. Chairman Harris said it was an innovative idea that was worth a try. Scott Daruty of Magna Entertainment (ME) said his organization wanted the machines in place for the opening of Golden Gate Fields (GGF). ME also wished to place machines at Oak Tree Racing Association (OTRA). Further, ME wished to modify its request to state the machines would not operate after 6:00 p.m. without prior Board approval. The request was made as an accommodation to the night racing industry. ME hoped to reach an understanding with night racing so the machines could operate in the evening, but an agreement was not in place. Chairman Harris said XpressBet had no agreement with OTRA, so OTRA patrons would not be able to wager on OTRA races. Mr. Daruty said ME believed novice fans would use the machines. Such fans probably would not know the difference between OTRA and GGF and would not be interested in a specific race. The races such fans could wager on would depend on scheduling and the product put into the machines. Chairman Harris asked how the money would flow. Mr. Daruty said it would be on the same model as ADW. Drew Couto of Thoroughbred Owners of California (TOC) said his organization was redrafting its contract with XpressBet to reflect a rate favorable to purses. He stated TOC supported XpressBet's request. Rod Blonien, representing Los Alamitos Race Course (LARC), said his organization was not comfortable with the impact the machines could have on night racing. He stated LARC supported ME's request to modify its proposal to not

operate after 6:00 p.m. LARC also wanted the motion to state wagering on such machines would only be for win, place or show, or either of those. Mr. Daruty said the wagers were in increments of \$3, and the type of wager depended on the dollar amount. A \$6 wager would automatically get a win-place-show wager across the board. The exception was a \$2 wager, which would produce only a "show" wager. Commissioner Moretti **motioned** to approve the request by XpressBet to amend its ADW application to allow for the operation of simplified wagering machines, subject to a staff review of such machines, and subject to the machines not being operated after 6:00 p.m. Commissioner Moss **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE CALIFORNIA THOROUGHBRED HORSEMEN'S FOUNDATION, INC., TO APPROVE FOUR PERSONS TO ITS BOARD OF DIRECTORS PURSUANT TO CHRB RULE 2049.

Executive Director Roy Wood, Jr., stated the item was withdrawn from the agenda at the request of the California Thoroughbred Horsemen's Foundation.

PRESENTATION BY SAN MATEO COUNTY FAIR ON THEIR INTENTION TO FILE AN APPLICATION FOR LICENSE TO CONDUCT SATELLITE WAGERING PURSUANT TO BUSINESS AND PROFESSIONS CODE SECTION 19605.45.

Chris Carpenter of San Mateo County Exposition Center (SMCEC) said SMCEC intended to apply for a license to conduct satellite wagering. Chris Korby of California Authority of Racing Fairs (CARF) said if the provisions of Business and Professions (B&P) Code section 19605.45 applied, CARF supported SMCEC's application. Rod Blonien, representing Bay

Meadows Operating Company (BMOC), said BMOC researched the legislative intent of B&P Code section 19605.45. The 2002 bill analysis stated the legislation addressed the "problem" created if Bay Meadows Racetrack were to close by allowing the fair to operate a satellite wagering facility. The analysis stated the ability of SMCEC to run a satellite wagering facility was conditioned on the closure of Bay Meadows Racetrack. Mr. Blonien said the enrolled bill analysis submitted by the Board agreed with the legislative analysis. In addition, a letter from Assemblyman Pappin to the governor stated the legislation allowed SMCEC to operate a satellite wagering facility if Bay Meadows Racetrack closed. Mr. Blonien cited additional sources in support of his position. He stated the evidence demonstrated the intent of the legislation was to allow SMCEC to operate a satellite wagering facility only if Bay Meadows Racetrack closed. Mr. Blonien said such an event had not occurred. Bay Meadows Land Company made a commitment to horse racing and planned to operate a meeting for many years. If the Board allowed SMCEC to operate an additional satellite wagering facility, it would send a negative message to Bay Meadows Land Company.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST BY CAPITOL RACING, LLC, CONCERNING THE LOCATION AND AVAILABILITY OF THE HARNESS SATELLITE SIGNAL AT THE LOS ALAMITOS RACE COURSE.

John Reagan, CHRB staff, said the item was heard by the Board at its June and August 2004 Regular Board Meetings. He stated Capitol Racing (CR) contended the physical arrangement of wagering facilities and amenities at Los Alamitos Race Course (LARC) were rearranged to its detriment. Chairman Harris asked how much latitude the Board had regarding the amenities at a satellite facility. Deputy Attorney General Derry Knight said horse racing law

provided the Board with authority to approve facilities where pari-mutuel wagering occurred. He stated the law was not specific, but the Board had approval of any changes or remodels of wagering facilities. Steve Bieri of CR said any implication that a wagering area was simply redesigned was not accurate. He stated CR's signal went from full access to severely restricted access. The action was an affront to harness patrons. Mr. Bieri read a statement regarding the satellite wagering facilities at LARC and its effect on CR. Chairman Harris asked Mr. Bieri to clarify how much CR's state license fee was. Mr. Bieri said the level was 1 percent. If CR lost the projected amounts, it would cost the State \$160,00 over time, the harness horsemen over a million dollars in lost purses, and CR over a million dollars. Mr. Bieri stated the Board required a 15-day notice before any modifications could be made to a satellite facility, and such modifications required Board approval. Mr. Bieri also contended the Board's rules required a guest association to provide an area for wagering and viewing races in the public enclosure. He stated regardless of the Board's requirements, or the financial losses, driving fans away from horse racing was detrimental to the industry and should not be allowed to occur. Vice-Chairman Licht asked if Mr. Bieri believed any harness fans went to Hollywood Park or subscribed to advance deposit wagering (ADW). Mr. Bieri said it was possible that some fans left LARC, but it was evident none of the harness money transferred to quarter horse racing, so restricting harness fans benefited no one. It hurt the patrons, the handle and the industry. Vice-Chairman Licht said LARC's actions might have benefited ADW and Hollywood Park. Mr. Bieri said they might have had that effect, but harness handle was down overall, and there was no indication the fans wagered on quarter horse races. Commissioner Sperry asked if data showed an overall loss or just in specific areas. Mr. Reagan said data provided by Mr. Bieri

demonstrated a drop in the harness handle, and no increase elsewhere. Mr. Reagan added it was difficult to see a variation in ADW caused by CR's and LARC's issues. Brian Kenny of California Harness Horsemen Association (CHHA) said harness horsemen would take a 15 percent cut in fall purses, but CR indicated if LARC changed its policy the purses would be restored. Mr. Kenny said a 15 percent cut would decimate harness racing in California, as the horsemen could not survive. Rod Blonien, representing LARC, stated the actions taken by CR did not violate any law or regulations of the Board. He stated handle was down at LARC, but except for some on-track handle it was down across the board. Mr. Blonien said there were 200 to 450 fans a night in the harness area at LARC, and there were plenty of self-service machines and open windows. He added the situation at LARC for harness was not unusual. Night quarter horse racing did not have the benefit of the turf club or other areas of the premises at Santa Anita, or at Hollywood Park. The Monterey satellite facility was not open in the evening for wagering on night racing. Mr. Blonien said those were business decisions made by the persons operating the facilities. Dr. Allred made a business decision regarding harness racing at LARC. He stated he did not think the Board wished to micromanage the number of televisions and the product they featured at satellite wagering facilities. Satellite operators were generally given latitude to operate their facilities as they thought was best. Dr. Edward Allred of LARC said for years LARC aggressively marketed the harness racing signal. However, because of the litigation between the two organizations, there was over four million dollars owed to quarter horse racing. The quarter horse horsemen, the association and the handle suffered. Dr. Allred said any patron wishing to wager on harness at LARC would find plenty of machines in a nice clean area. He stated LARC did not invest millions of dollars in

its "Vessels Club" to receive a few percent return. Dr. Allred said, however, he would be happy to enter into an agreement with CR that would be profitable for both parties. Commissioner Sperry said he believed LARC provided harness patrons with a decent facility. Mr. Bieri said regardless of the quality of the facility, harness horsemen were being treated improperly and the industry was being hurt. Mr. Bieri said LARC should take the harness signal as it always had and stop segregating harness patrons. Chairman Harris said due to the lack of a motion, the item would be kept under advisement.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETINGS:

- A. **SONOMA COUNTY FAIR** AT SANTA ROSA FROM JULY 28 THROUGH AUGUST 9, 2004.
 - B. **SAN MATEO COUNTY FAIR** AT BAY MEADOWS FROM AUGUST 11 THROUGH AUGUST 23, 2004.
 - C. **HUMBOLDT COUNTY FAIR** AT FERNDALE FROM AUGUST 12 THROUGH AUGUST 22, 2004.
 - D. **CAPITOL RACING, LLC**, AT CAL EXPO FROM MARCH 5 THROUGH JULY 31, 2004.
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Chairman Harris said the reports were on record and available for review.

REPORT OF THE AD HOC SECURITY COMMITTEE

Vice-Chairman Licht said the Ad Hoc Security Committee (committee) met and discussed the results of "milkshake" testing. He stated the committee endorsed the proposed addition of Board Rule 1843.6, Total Carbon Dioxide Testing. In addition, the committee discussed increased security and saw a demonstration of security cameras. Vice-Chairman Licht stated Thoroughbred Owners of California and racing associations were working on developing a comprehensive security system.

GENERAL BUSINESS

Chairman Harris said a search committee for a new Executive Director was appointed with Commissioners Moretti and Moss as committee members. Paige Noble was the staff liaison. Chairman Harris stated Mr. Noble would accept applications, and questions regarding the position. Rod Blonien thanked the Board for its letter to the Governor regarding the San Pablo compact. He stated the issue would soon be raised again as the Governor indicated he would seek to have the compact ratified. Mr. Blonien said he would work with the industry to maintain its position. He stated the Northern California racing circuit would be severely affected by the compact as nowhere else had full-scale casino gambling been able to co-exist within seven miles of a racetrack.

MEETING ADJOURNED AT 12:54 P.M.

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof:

Chairman

Executive Director

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **California Exposition and State Fair Turf Club**, 1600 Exposition Boulevard, Sacramento, California, on **October 5, 2004**.

Present: John C. Harris, Chairman
Sheryl L. Granzella, Member
Marie G. Moretti, Member
Jerry Moss, Member
Roy C. Wood, Jr., Executive Director
Derry Knight, Deputy Attorney General

DISCUSSION AND ACTION BY THE BOARD ON THE APPROVAL OF THE RACE DATES CALENDAR FOR 2005 FOR THE CENTRAL AND SOUTHERN THOROUGHBRED MEETS AND FAIR.

Commissioner Granzella said the Race Dates Committee (committee) made its first proposal (A) in April and July 2004. She stated the committee decided to use proposal A, but would modify it to have Los Angeles Turf Club (LATC) close on April 18, 2005, and open Churchill Downs California Operating Company (CDCOC) at Hollywood Park on April 21, 2005. Chairman Harris said proposal A addressed some of LATC's concerns. In addition it would allow Oak Tree Racing Association (OTRA) to run Breeders' Cup races, and it had the traditional LATC December 26 opening. The proposed schedule also included a break from December 20 to December 25, 2005. Jack McDaniel of LATC said he did not know what to make of the proposal. He asked what staff estimated total purse losses would be. Executive Director Wood said proposal A was not new. The only change in the proposal was the addition of one day to the race calendar for LATC. Staff's estimated financial impacts were calculated without the additional day. John Reagan, CHRB staff, said the real issue was not the numbers for each proposal, but the relative merit of the proposal. He stated proposal A originally deleted two days from LATC's meeting, which resulted in a large number.

However, two Wednesdays and a closing Monday were subsequently added to LATC's race dates, which resulted in a net gain for the association. Chairman Harris said there had been some concern in the industry regarding six-day weeks. He said six-day weeks would add more purse money, but ultimately the industry needed to find ways to generate purses without racing six days a week. Chairman Harris said six-day weeks were especially detrimental during the winter, and commented he had not heard fans asking for longer race weeks. On the contrary, some fans wanted a four-day race week. Mr. McDaniel said the LATC meeting was unique because of its traditional opening day of December 26. The date resulted in a spread of its typical dates from between 87 to 83 days. LATC was currently going from the lowest number of race days in its cycle. For the committee to state LATC was only losing two days was inaccurate. Mr. McDaniel said LATC did an analysis of the various proposals and evaluated them on an association and an industry basis. He reviewed the LATC analysis, naming each racing association, the number of days raced, and the handle and total purses for each. Mr. McDaniel stated LATC was the largest contributor to purse and handle in California. As the Board looked at the various race date proposals it should realize if it took dates away from the most productive meeting, it hurt the entire industry. Proposal A would cost LATC an entire week and the industry \$2.2 million in purse monies. The proposal to mitigate proposal A by adding a closing Monday would add some purse revenue, but the net would still be a loss. Mr. McDaniel said the August 2004 race dates proposal added three interior days, but that proposal would also result in a loss for LATC. With the September 2004 proposal LATC had its final week returned, except it lost its traditional opening day and the following Monday, which was a national holiday. Mr. McDaniel said LATC offered an alternative: proposal "C." Under

proposal C, CDCOC would replace the traditional last week of its spring meeting with an additional week in the fall. Mr. McDaniel stated LATC had a productive 2004 season, and would have a more productive 2005 season. He stated LATC had its issues with rebaters behind it, had committed more money to its marketing budget and was investing millions of dollars in its facility. LATC intended to increase its attendance by 10 percent and was targeting a core demographic of fans who wagered on horseracing. Commissioner Moss asked what LATC would think of running 9.6 races per day as opposed to the 8.6 on which it based its calculations. If there were more races run during the LATC meeting, would it make up for the lost days? Chris McCarron of LATC said the reason LATC ran eight races a day was the horse inventory. He stated he did not think there were enough horses in California to run more than eight races. Commissioner Moss said one reason was the requirement for at least six horses in a race. He stated horsemen attempting to develop their horses were frustrated when they tried to find races. Commissioner Moss said he thought there should be opportunities for four-horse races so horses could be developed and not chased out of state. Mr. Reagan said when the committee looked at purse projections for each proposal it indicated the amount per proposal as well as the total purse structure for Southern California Thoroughbred and fair meetings. In addition, Mr. Reagan stated if Mr. McDaniel submitted the same proposal for the 2006 race dates, he would be in line with a future committee's proposal. The problem was that, over the years, as LATC's starting date moved through the week, adjustments had to be made. Mr. McDaniel said he disagreed. He stated LATC would not be on track for another three or four years. In 2005, there was still the problem of Del Mar Thoroughbred Club (DMTC) running a week beyond Labor Day, and OTRA having less

than four weeks of Breeders' Cup preparation. Mr. Reagan said there were a lot of factors to look at when talking about race dates. He stated Christmas, Labor Day and July 4 affected the racing calendar. Mr. Reagan said LATC's proposal worked well for 2006. Mr. McDaniel said LATC's proposal was based on the last committee proposal, but it still moved up DMTC and moved a week of CDCOC. LATC simply returned to its traditional calendar and left the remainder in tact. Commissioner Moss asked if LATC would reimburse CDCOC's losses if LATC's proposal were approved? Mr. McDaniel said there had been discussions, but he did not know if it would be legal. He stated, however, he was sure there was a creative solution. Chairman Harris asked what LATC's projections were for 2005. Mr. McDaniel said LATC had better Horse Racing Television exposure, and was going to commit more money towards its marketing program, and that of OTRA. He stated LATC was committed to an overall 10 percent increase in attendance. LATC was not going after a younger crowd, but instead was going after its core-racing fan. In addition, LATC planned to convert its Thoroughbred Club into player reward program. Mr. McDaniel explained how the reward program worked, and commented LATC needed time to make the program successful. That was why LATC made its proposal. LATC was the only association that would suffer a catastrophic impact if any of the committee's proposals were adopted. Mr. Wood asked how many race dates LATC had in 2003/2004. Mr. McDaniel said LATC raced 84 days. Mr. Wood asked how many days the committee's proposal A would give LATC. Mr. McDaniel said with the additional Monday, LATC would receive 83 days. Mr. Wood said LATC would lose one day, yet that one-day represented a catastrophic impact. Mr. McDaniel said it was not the one-day loss, it was the traditional calendar compared to the proposed calendar. LATC would lose one week, which

represented a projected \$51 million in handle, \$2.2 million in purses and a like amount in commissions. The Board deviated from 25 years of racing calendar history in 2001 and LATC lost a week. The next year and in 2004 the traditional calendar was back, but unfortunately, the calendar turned itself around and the Christmas break again became an issue. In 2001 LATC representatives did not take the pattern into consideration when they agreed to the changes. Mr. McDaniel said he could find no evidence that anyone in the industry realized what would happen four years after they changed the calendar. Mr. Reagan said he and Chairman Harris discussed a possible 2006 calendar that was very close to LATC's proposal. He stated it would likely be on the proposal for the 2006-racing calendar. LATC was in step with the committee for 2006/2007. It was 2005 that was the problem. Mr. Wood stated 2005 was the calendar before the Board. One of the committee's recommendations was that the Board look at a three year calendar in 2005. Mr. Wood said he was aware LATC submitted several years of data to the committee, but it was not something the committee looked at on an industry wide basis in 2004. Mr. McDaniel said he wanted the committee to understand that its proposal would lead to severe conflict for the next several years. Rick Baedeker of CDCOC said Mr. McDaniel indicated CDCOC would only lose \$100,000 under LATC's proposal. He stated CDCOC was not as strong as OTRA or DMTC; however, it was critical to the Southern California circuit. If horsemen left during CDCOC's meeting there was no guarantee they would return for DMTC. Mr. Baedeker said when the break occurred in the past, CDCOC's business was better. Three years before the break LATC's average field size during the first two weeks of racing was 8.69 horses. After the break the field size during the first two weeks was 9.75 horses. Mr. Baedeker said it was a significant lift and it increased

the handle by \$17 million. He stated CDCOC had a proposal that would take racing calendar A one step further, and would help all parties. Mr. Baedeker said proposal A would close LATC April 18 and open CDCOC April 21, 2005. CDCOC proposed to open April 22, which would provide for a three-day break between the meetings and give LATC a stronger closing. CDCOC would only offer full card simulcasting on April 20 and 21. Mr. Baedeker said CDCOC would also want to race the Wednesday after Memorial Day. He stated CDCOC's proposal would minimize LATC's losses and would give CDCOC a true opening. Craig Fravel of DMTC said he endorsed the committee's proposal with CDCOC's suggested modifications. Sherwood Chillingworth of OTRA said he supported the 2005-racing calendar proposed by the committee and as amended by CDCOC. He stated it was important for OTRA to maintain a four-week gap between its opening and the Breeders' Cup. Commissioner Granzella **motioned** to adopt a modified racing calendar A with LATC closing April 18, 2005, and CDCOC opening April 22, 2005. CDCOC would be dark April 19, 20 and 21, 2005, and run on June 1, 2005. Commissioner Moss **seconded** the motion, which was **unanimously carried**. Chairman Harris said the original dates committee proposal included some discussion regarding the number of races per day. He stated he would like to see some flexibility if the association and horsemen wished to adjust the number of races. In addition, he stated the Northern California race dates should be reviewed. Mr. McDaniel said he would like the possibility of running six-day weeks examined. It would be advantages to LATC to have two additional Wednesdays after holidays back in its schedule. Commissioner Moretti said she would be open to such a consideration. The dates were originally suggested to mitigate any loss LATC might have suffered. Mr. McDaniel commented CDCOC received a six-day week

against its Memorial Day week. If LATC received additional days against the President's weekend and Martin Luther King Day, it would be a tremendous help. Chairman Harris said CDCOC gave up something for the sixth day. He stated he was concerned about the horse population. If it was sufficient the associations could run seven-days a week, but he did not think that was the case. If the industry started running six-day weeks purses per race would start dropping and horses would leave California. Purses per race needed to be increased, and running six-day weeks would was not a way to accomplish that.

MEETING ADJOURNED AT 11:20 A.M.

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof:

Chairman

Executive Director

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Arcadia City Hall**, 240 West Huntington Drive, Arcadia, California, on **October 14, 2004**.

Present: John C. Harris, Chairman
 William A. Bianco, Member
 Sheryl L. Granzella, Member
 Jerry Moss, Member
 Richard B. Shapiro, Member
 John C. Sperry, Member
 Roy C. Wood, Jr., Executive Director
 Derry Knight, Deputy Attorney General

MINUTES

Chairman Harris asked for approval of the minutes of the Regular Board Meeting of August 19, 2004. Commissioner Sperry motioned to approve the minutes. Commissioner Bianco seconded the motion, which was unanimously carried.

PRESENTATION OF THE CALIFORNIA HORSE RACING BOARD RESOLUTION TO ROY C. WOOD, JR.

Chairman Harris said Executive Director Roy C. Wood, Jr. would retire in December 2004. He stated, however, Mr. Wood possibly would not attend the December Regular Board Meeting, so a resolution from the CHRB had been prepared for presentation. Chairman Harris read the resolution. Executive Director Wood thanked Chairman Harris and the Board for the resolution, and spoke about his tenure as Executive Director of the CHRB. In addition, he thanked Board staff for its support and dedication.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION (Q), FROM DECEMBER 26, 2004, THROUGH DECEMBER 18, 2005, INCLUSIVE.

Roy Minami, CHRB staff, said Los Alamitos Quarter Horse Racing Association (LAQRA) proposed to run 202 days for a total of 2,048 races. Mr. Minami stated the first post time would be 7:15 p.m., Thursday through Friday; 7:00 p.m., Saturday; and 5:30 p.m., Sunday. The horsemen's agreement, fire clearance, and contract for Scientific Games Racing/Autotote were missing from the application. Mr. Minami said staff recommended approval of the application conditioned on receipt of the missing information. Dan Schiffer of the Pacific Coast Quarter Horse Horsemen's Association stated the horsemen's agreement was completed in principal and would be submitted within a week. David Neumeister of the United States Trotting Association and the California Harness Horsemen's Association said the organizations he represented requested the Board condition approval of the application on LAQRA's compliance with Business and Professions Code Section 19601(l), which required LAQRA to display the signal and accept wagers on all live races conducted in California without regard to breed. He said LAQRA accepted wagers and the signal from Cal-Expo in one room of its facility. Mr. Neumeister stated in February 2004 the harness horsemen entered into an agreement with LAQRA to put a percentage of purses and commissions into an escrow account. He said the CHHA believed the agreement would maintain status quo, but that had not happened, and harness fans were restricted at LAQRA. Rod Blonien, representing LAQRA, stated his organization was in compliance with the law and Board regulations. He said harness fans at LAQRA were not restricted to one room. Harness fans had an area with sufficient self-service machines and pari-mutuel clerks. The conditions at LAQRA were not

without president. Mr. Blonien requested that the Board approve the application without Mr. Neumeister's conditions. Alan Horowitz of Capitol Racing (CR) said the LAQRA's application would allow it to import out-of-state harness races. He stated those signals could be wagered on throughout LAQRA's facility while CR's harness signal was restricted to a single location. Mr. Horowitz said CR's signal should receive equal treatment and protection. He stated a condition for approval of the application should require that as long as the issues between LAQRA and CR remain in contention, any out-of-state harness signal received by LAQRA be treated in the same fashion as the CR harness signal. Dr. Edward Allred of LAQRA said his organization received a greater benefit in taking out-of-state harness signals over the CR signal. LAQRA received 2 percent from CR and between 16 and 20 percent from out-of-state tracks. Dr. Allred stated the Board made a decision to enforce a modified version of the Zumbrun agreement, which was in litigation. He said LAQRA's only means of survival was to reduce the "rent-a-crowd." If CR wanted LAQRA's fans greater access to its signal, it would have to pay a reasonable amount. Commissioner Moss asked why CR was only paying 2 percent. Chairman Harris said in the night industry a 2 percent commission was paid to the facility where the wager was made. The issue in contention was "Are they compelled to take the signal even though they only receive 2 percent?" Commissioner Sperry **motioned** to approve the application for license to conduct a horse racing meeting of LAQRA conditioned on the receipt of the required missing information. Commissioner Granzella **seconded** the motion. Commissioner Shapiro asked if out-of-state harness signals were received at LAQRA throughout the facility. Dr. Allred said when harness was not racing at Cal-Expo LAQRA was allowed to bring in up to 12 signals. If CR was racing, it could import six signals. He stated

the difference was that LAQRA only received 2 percent from CR's signal. Out-of-state harness signals generated between 16 and 20 percent. Dr. Allred said if LAQRA had a special event it might spend up to a hundred thousand dollars. Patrons would receive a \$5 minimum voucher and wager on any product. If they wagered on CR's signal, LAQRA would only receive 2 percent. Under the law, the horsemen could object to the importation of a signal without compensation. In the 1990s the Zumbrun agreement allocated a larger percentage of funds generated from CR's signal to LAQRA and its horsemen. The agreement worked for a number of years, but a change in CR's management resulted in a dispute that had yet to be resolved in the courts. Dr. Allred stated a certain amount of dollars per day, which was the result of CR's signal being sent to LAQRA, was put aside in a separate account. The money was to be used as payment to LAQRA if it prevailed in court. After years of the parties not being able to resolve their dispute, the Board issued an Order that LAQRA supported. CR refused to accept the Order and continued the litigation. Dr. Allred commented LAQRA would like to come to equitable terms with CR regarding the signal, and anything that could encourage the parties to come to an agreement would be appreciated. Alan Horowitz of CR said he agreed with Dr. Allred's basic description of the issues. However, he stated it was patently unfair for out-of-state signals to be accepted and wagered on in a manner different from CR's signal. Commissioner Moss asked if litigation was pending concurrent with the Board's consideration of the application. Chairman Harris said the parties were involved in litigation. He stated if the application was approved the Board could, at some point, disapprove aspects of the license. Deputy Attorney General Derry Knight said the Board could revoke portions of a license. Commissioner Shapiro stated it made more sense to promote

California harness racing over that of other states. He asked if the Board could make it a condition of license that the parties attempt to resolve their differences. Chairman Harris said the Board attempted unsuccessfully to have the parties reach a compromise. He commented that the horsemen at LAQRA were better served by that organization's actions, while the horsemen at CR were better served if their requests were granted. It was not a win-win situation. Chairman Harris added the application could be approved with the caveat that the issue of out-of-state signals at LAQRA could be revisited. Commissioner Sperry stated it would be beneficial if the Board could revisit the issue. The subject had been discussed so many times that it was in the courts for resolution. Commissioner Sperry said he wondered why the issue kept resurfacing when it was in litigation. He added an agreement was once reached that did not seem to be completed. Steve Bieri of CR said the agreement was completed. CR transferred \$500,000 the day of the agreement and it agreed to put other funds into an escrow account. Commissioner Sperry asked why the parties had not resolved the issue. Mr. Bieri stated the parties could not agree on the dollar amounts. That was the issue in the courts. Mr. Bieri said CR did not oppose LAQRA's license. What CR wanted was to have LAQRA display CR's signal in the same manner it displayed out-of-state signals. Restricting CR's signal to one location was not right. Mr. Blonien said the Board recessed in January and February 2004 and the parties could not reach a compromise. He stated LAQRA and CR were benefiting from out-of-state races. The difference was that LAQRA received 16 to 20 percent on those races, and depending on CR's status, the money was shared. Mr. Blonien said California quarter horse racing was facing a lot of challenges. There were five states with major quarter horse meetings, and in January 2005, there would be three states with

purses supplemented by slot machine wagering. That would mean a horse running at LAQRA for \$5,000 could run in New Mexico, Louisiana or Oklahoma for much more. If the Board were to restrict LAQRA's ability to bring in out-of-state signals to its horsemen's benefit it would put LAQRA at a disadvantage. Mr. Blonien asked the Board to approve LAQRA's license without conditions. The **motion** to approve LAQRA's application for license to conduct a horse racing meeting was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF CAPITOL RACING, LLC (H), FROM JANUARY 7, 2005 THROUGH JULY 30, 2005, INCLUSIVE.

Roy Minami, CHRB staff, said Capitol Racing (CR) LLC proposed to run 122 nights for a total of 1,525 races. Mr. Minami said the first post time would be 6:30 p.m. The horsemen's agreement, fire clearance, stakes schedule, Autotote contract and an insurance policy for implementing alternative track safety standard methodologies were missing from the application. Staff recommended approval of the application conditioned on receipt of the missing information. Alan Horowitz of CR said all of the missing items would be completed within 30 days. The insurance policy would be available within a week. Mr. Horowitz stated Chairman Harris asked associations to comment on backstretch security measures. He said CR had up to 12 state fair police on its security staff. These persons patrolled the backstretch, the barn area and areas of the enclosure on a schedule set by the fair and state fair police. In addition, there were up to six additional state fair police who maintained security over the test barn. CR did not have surveillance cameras in the backstretch, but there were cameras in the grandstand and other areas of the enclosure. David Neumeister of California Harness

Horsemen's Association said there were no substantive issues regarding the horsemen's contract. Commissioner Sperry motioned to approve the application for license to conduct a horse racing meeting of CR. Dan Schiffer of Pacific Coast Quarter Horse Horsemen's Association (PCQHRA) said his organization objected to the approval of CR's application for license. Mr. Schiffer said he understood the Board ordered CR to provide an audited financial statement, and to his knowledge the order had not been fulfilled. Should Los Alamitos Racing Association prevail in the litigation with CR, PCQHRA members would benefit financially. Mr. Schiffer stated PCQHRA was concerned CR would not be able to pay should it be found responsible for damages. The PCQHRA asked that the application be held over, or if the Board approved the application, the PCQHRA asked that 50 percent of the simulcast monies continue to be placed in the escrow account. Steve Bieri of CR said his organization contracted with Ernst and Young to conduct an audit. That company was currently processing the audit. Mr. Bieri stated he did not know when the audit would be completed, but he would make inquiries and inform staff of a projected date. Commissioner Shapiro asked if Ernst and Young had given an estimated date of completion. Mr. Bieri said they had not. The audit firm needed to receive information from those who have CR loans. He stated the verification would take time and was not something the audit firm could control. The audit would be finished between October 2004 and the end of 2004, but Mr. Bieri did not have a specific time. Commissioner Shapiro said he was not concerned with LAQRA's position on the issue, his concern was that the Board should know CR had the ability to meet its financial obligations. Mr. Bieri said CR had been in business eight years, and was the only harness operator in California the last four years. CR paid its bills, its purses and its rent. Chairman Harris said

he was concerned that the loans to horsemen and overpaid purses were shown as assets of CR. It could be that CR's assets were overstated – depending on the collectability of the debts. He added the problem could be solved if someone would stand behind the corporation. Mr. Bieri said there was no demonstration of CR's inability to meet its financial obligations. He stated the practical fact was that CR did not have any financial problems. Chairman Harris said CR had done good things with harness racing; however, his concern was that it appeared CR's financial health was somewhat dependent on a continuation of its race meets into the future. Chairman Harris stated if another association was to succeed CR at Cal-Expo, he was concerned CR might not have the ability to pay its liabilities. Mr. Bieri said the only liability in question was the lawsuit, and that would be for the court to decide. Chairman Harris said the court would order CR to make the payments, but would Mr. Bieri be willing to personally guarantee them? Mr. Bieri said CR stood behind every debt it had. When he bought CR it was losing money, and he paid what was necessary to operate profitably. CR was being asked to sustain a financial hardship during the lawsuit. Money was being taken from CR's purses and its handle was suffering. LAQRA was suffering no financial hardship. Chairman Harris said he would like to know CR's basic liability. Mr. Schiffer said there was a potential liability of \$4 million. To cover the liability there was a \$1 million bond and \$500,000 in accrued purses in an escrow account. Mr. Schiffer added a contingent liability of \$2.5 million existed. The contingent liability was growing every day the signal was received by LAQRA. Mr. Bieri said if CR lost the litigation and the numbers were correct, the money set aside would not cover the liability. However, the parties met in February and March of 2004 and made an agreement. LAQRA had \$500,000; a \$1 million bond; and up to \$1.4 million, which

was part of the overpaid purses. That meant LAQRA had roughly \$2 million and a \$1 million bond. That would leave another \$1 million owed. Mr. Schiffer said his understanding was that the monies placed in escrow on a daily basis were to cover the amount that accrued. He added that in anticipation of winning the litigation CR paid purses to the horsemen. If CR loses the litigation CR would not be able to pay its purses in the future because it overpaid them in the past. Mr. Bieri said CR did not overpay purses in anticipation of prevailing in the litigation. The purses were overpaid because LAQRA was withholding funds. If the purses had not been paid, CR would have been out of business. Commissioner Shapiro **motioned** to approve the application for license to conduct a horse racing meeting of CR conditioned on receipt of items missing from the application and receipt of an audited financial statement prior to the end of 2004, or an additional \$1 million bond to cover potential liability. Mr. Bieri said, as he understood the motion, it required an audited statement by the end of the year and an indication of additional net worth. Chairman Harris stated an audited statement that showed a negative net worth would not be helpful, but if there were a bond to take care of contingent liability the Board would be satisfied. Mr. Bieri said he accepted the December 31, 2004, condition, but he did not know if the audit would be completed by that date. He said if, at that time, CR was showing less than \$1 million net worth he would initiate facilities to increase its net worth to that point. Chairman Harris stated he did not think that was what the Board was after. Commissioner Shapiro said CR had a contingent liability because it overpaid the horsemen. Since the Board had not seen an audited statement, it would be more comfortable knowing CR had the ability to meet its obligations. Commissioner Shapiro said the Board wanted an audited financial statement that demonstrated CR was solvent, was able to meet its

obligations and would withstand a worst-case scenario regarding its litigation. Chairman Harris said he thought the Board wanted to know CR had a safety net. Mr. Bieri said he could not make a commitment he did not fully understand. Commissioner Shapiro said if CR was solvent, the only risk to Mr. Bieri was the cost of the bond. Mr. Bieri stated if CR could demonstrate on an audited financial statement a \$1 million net worth, or post a \$1 million bond it would be fine. Commissioner Shapiro said the Board was not looking for a new worth of \$1 million. It was asking that CR be capitalized to the extent it could meet its obligations and withstand a detrimental outcome to its litigation. He stated the Board did not know how much that entailed, but the potential amount of \$1 million had been mentioned. That meant CR needed a net worth to sustain itself and meet a \$1 million obligation. Mr. Bieri said CR and LAQRA came to an agreement in March 2004. CR had fulfilled its obligations under that agreement by putting aside the money agreed upon and by continuing to escrow additional sums. He stated CR was asked for an audited financial statement, but was now dealing with speculation, as it was not known what the audited financial statement said. Mr. Bieri suggested that the audited financial statement be produced first, as it was difficult for him to agree when he did not have the financial data. Chairman Harris said the license could be granted conditioned on receipt of an audited financial statement. He stated as he understood the motion, it granted the license conditioned on receipt of the missing information and an audited financial statement that demonstrated under generally accepted accounting principals CR could handle any liabilities resulting from settling its litigation. Commissioner Shapiro said CR was scheduled to begin its meeting in January 2005. He stated if there were any concerns generated by the audited financial statement the Board should have a mechanism with

which to insist sufficient security be posted. Commissioner Shapiro said the Board was being asked to approve an application when it had no financial data. Chairman Harris said he thought the issue should be revisited at the December 2004 meeting. Mr. Bieri said it was possible that the audited financial statements could be ready by the December meeting, but he was not certain. Commissioner Shapiro suggested the item be postponed to give Mr. Bieri time to determine if the financial data would be ready by the December Regular Board Meeting. Commissioner Bianco said he would like Mr. Bieri to also determine if the performance bond could be increased to \$2 million. Chairman Harris said the item would be **postponed**. (Item continued) Mr. Bieri stated he was unable to reach the partner in charge at Earnst and Young. He said if CR's application were approved he would post another bond for \$1 million, or provide a letter of credit; or, he would replace the current \$1 million bond with one for \$2 million. Chairman Harris said the problem was that without an audit, the Board did not know how large a bond was necessary. Mr. Bieri said the calculations regarding CR's potential liability were known, and the figure was \$1 million. He stated it would take him approximately 30 days to make the arrangements, but he would post the additional bond. Mr. Bieri said LAQRA's license was approved for an entire year, but the harness horsemen had no such assurances. Commissioner Bianco said the bond would be one of the requirements, but he did not agree with waiving the audit. Mr. Bieri stated the audit had cost \$50,000 and could cost more. His first bond cost \$20,000 and he assumed the second bond would be as expensive. Mr. Bieri said his total costs could reach \$100,000. If CR prevailed in its litigation, he would have spent that money for nothing. If the Board believed another \$1 million bond would cover CR's potential liabilities, he would post one. Chairman Harris said

he thought the Board needed an audit. If CR had a negative net worth of \$5 million, \$2 million was not quite enough. Mr. Bieri said the operations of CR were never under question. The issue was CR's ability to withstand a worst-case scenario if it lost its litigation. The testimony before the Board regarding that liability indicated CR was \$1 million short. Mr. Bieri stated he would put that amount in a bond, but he did not want to have to spend any more money than he had to. Commissioner Shapiro said the intent was not to punish CR. The Board only wished to know if CR was profitable. Mr. Bieri said CR was profitable. Commissioner Shapiro asked if a reviewed statement was submitted. Mr. Bieri said a reviewed statement was submitted, but there were individuals who challenged the statement and claimed CR could not cover its obligations. In May of 2003 a \$1 million bond was submitted, and another \$1 million would be provided at the Board's direction. Commissioner Shapiro asked if the Board had the reviewed statement. Executive Director Wood said staff received the statements. Historically, racing associations submitted such statements prior to licensing. However, the Board recently asked that such statements be audited financial statements. In the recent past other harness interests requested the Board's intervention in the review of the audit due to "undocumentation" of loans to horsemen and overpaid purses. The Board subsequently asked CR for an audited financial statement. It had the reviewed financial statement, but did not have an audited financial statement. Mr. Bieri said the 2003 reviewed financial statement was for December 31, 2003. Mr. Wood said the Board had been very patient in its quest for an audited financial statement. He stated he understood the problems associated with its production, but it was necessary to answer the complaints from other parties. Mr. Bieri said if he was right, he would spend \$100,000 and if the other parties were

wrong, it would cost them nothing. He stated he was suggesting the additional \$1 million bond so he could stop paying audit costs and apply the money towards a bond. Commissioner Shapiro said it was not the intent of the Board to cost Mr. Bieri money. He said CR knew it would have to submit reviewed financial statements and the surcharge from going to an audited financial statement would not reach \$100,000. Mr. Shapiro said the Board had concerns, and if Mr. Bieri posted an irrevocable letter of credit in the name of the Board for an additional \$1 million, CR's license could be granted, but the audited financial statement still needed to be submitted. Mr. Bieri stated when the costs associated with the two bonds and the audit was added, it would be approximately \$100,000. However, if it would result in receipt of a license, he would comply. Commissioner Shapiro said he would **amend** the **motion** to approve the application for license to conduct a horse racing meeting of CR subject to receipt of missing information, receipt of an audited financial statement by December 31, 2004, and the posting of an irrevocable letter of credit or bond in favor of the Board. Commissioner Sperry **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPROVAL OF THE RACE DATES CALENDAR FOR 2005 FOR CENTRAL AND SOUTHERN THOROUGHBRED MEETS AND FAIRS.

Chairman Harris said the item was accomplished at the October 5, 2004, Regular Board Meeting. He stated Northern California dates would need to be revisited in the future to achieve better continuity.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES TURF CLUB (T), FROM DECEMBER 26, 2004, THROUGH APRIL 18, 2005, INCLUSIVE.

Roy Minami, CHRB staff, said the Los Angeles Turf Club (LATC) proposed to run 85 days, to days more than its 2005 dates allocation. The additional race dates allocation requested by LATC were January 19 and February 23, 2005. The first post time would be 1:00 p.m., weekdays, and 12:30 p.m., weekends. The horsemen's agreement; fire clearance; stakes schedule; total number of races for the meeting; amounts for purse program; cost for programs, on-track and off-track; and date and post time for Sunshine Millions, Strub Stakes, Santa Anita Handicap and Santa Anita Derby were missing from the application. Mr. Minami said staff recommended approval of the application conditioned on receipt of the missing information. Chairman Harris said he was concerned about six-day race weeks. He stated by racing fewer days larger field sizes were generated, as well as more interest in the sport, and a larger daily attendance and handle. Commissioner Moss said the idea of allowing more than 8.6 races per day was also talked about at the October 5 Regular Board Meeting. More races would be allowed instead of additional race dates. Jack McDaniel of LATC said he talked with his racing department and it was intrigued with the possibility of adding additional races. However, that could not be done until the second half of LATC's meeting due to the amount of time that could be raced on a given day. Mr. McDaniel said LATC would like to give its racing department the authority to add extra races without creating a mandate that such races be added. The racing department knew the inventory of horses and moved races as necessary. The department believed ten additional races could be added, at most, throughout the entire season. Mr. McDaniel suggested a ceiling of 8.7 races for 2005 only. LATC could then

provide a review of its meeting in a grounded, analytical manner. Mr. McDaniel added LATC did not wish to race six-day weeks, however, the racing department believed that if the additional days had good weather, it would have no problem filling races. He commented LATC expected to handle \$8 million per day. Commissioner Granzella asked if the two additional days created the only six-day weeks of the year. Mr. McDaniel said there were other six-day weeks. Chairman Harris agreed, and added the issue was where a Monday holiday existed, did racing commence on a Wednesday, or were two days taken and racing commenced on a Thursday? He asked how the issue was handled in 2004. Mr. McDaniel said LATC did not run on the Wednesdays following the holidays. The last time that occurred was in 2001. Richard Castro of Pari-Mutuel Employee's Guild Local 280 stated his organization endorsed LATC's request for an 85-day meeting. Drew Couto of Thoroughbred Owners of California (TOC) said his organization had not had a chance to review the application. However, TOC, in general opposed a six-day week. Mr. Couto said a review of inventory over 14 years demonstrated a 20 percent decrease in individual starters in Southern California. It was difficult to endorse increasing the number of days raced when inventory was in decline. Mr. McDaniel said LATC was asking for the two additional Wednesdays discussed at the October 5 Regular Board Meeting. He stated the Board compensated Hollywood Park with a six-day week when it moved the opening day for its spring meeting, so LATC's request was not without precedent. LATC request was in direct response to the scope of its projected financial loss it would experience under the 83-day proposal. Chairman Harris said he would like to see data regarding the performance of the additional Wednesdays. He commented such a day might rely on light attendance. Mr. McDaniel said he was not sure attendance numbers

were run. He stated the on-track handle represented 20 percent of LATC's overall handle for the day. Out-of-state handle was more important. When Oak Tree Racing Association (OTRA) ran a Wednesday following a Monday holiday its handle totaled close to \$7 million. OTRA was up 13 percent over the previous year's comparative day on out-of-state handle because New York was dark. Mr. McDaniel said there was an advantage in positioning some race days against East Coast dark days. Chairman Harris said another issue was the Northern-racing schedule. He added if LATC were dark on those Wednesdays it would be able to conduct full-card simulcasting. That would employ pari-mutuel clerks and generate purses that could be paid out on other days. Commissioner Harris said one of his concerns was the gradual decline in purses, and racing on Wednesdays after holidays might decrease average purses per race. Mr. McDaniel said he did not think that was necessarily true. He stated the average OTRA Wednesday in 2003 generated \$7.2 million, and during OTRA's current meeting it generated \$7 million on a Wednesday. Mr. McDaniel added the eccentricities of horse racing also dictated what happened on a day-to-day basis. The weather and out-of-state signals were both factors that could affect a given racing day. Chairman Harris said his concern was the impact of six-day weeks. The sixth day could impact the entire week. Mr. McDaniel said there was no evidence a sixth day impacted the week. He added LATC's request was not popular, but it was necessary for its meeting. Sherwood Chillingworth of OTRA said his organization endorsed LATC's request. He stated the Wednesday run by OTRA did not impact the succeeding days. On-track attendance was not high, but the handle was up, and out-of-state handle was even better. When OTRA ran on a Wednesday it attracted fans who could not wager in other racing jurisdictions. Mr. McDaniel proposed that LATC's

request be granted subject to discussions with TOC regarding horse inventory. Commissioner Moss stated LATC could also initiate the security precautions adopted by OTRA. Mr. McDaniel said the industry had been investigating a full range of security issues and would make a report to the Ad Hoc Security Committee (committee). He stated LATC could make balanced decisions regarding security after the information was presented. Commissioner Bianco said the committee was not ready to make recommendations. He stated the committee would issue a report at the December 2, 2004, Regular Board Meeting. Commissioner Bianco **motioned** to approve the two additional days requested by LATC. Commissioner Granzella **seconded** the motion. Ed Halpern of California Thoroughbred Trainers (CTT) said if the two additional days earned \$14 to \$16 million in additional handle, and because of horse inventory the remainder of the meeting is depressed, LATC could lose what the two days would earn. He requested the motion include CTT as a party to the talks regarding horse inventory. Chairman Harris said the motion was to approve the application for license to conduct an 85-day race meeting of LATC, subject to a TOC and CTT agreement regarding horse inventory, and receipt of a report comparing the 2003 meeting with the 2005 meeting. The motion was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST BY HOLLYWOOD PARK TO IMPLEMENT THE 10-DAY VETERINARIAN'S LIST FOR ANY HORSE SCRATCHED AFTER SCRATCH TIME (LATE SCRATCHES), EXCEPT FOR HORSES SCRATCHED AT THE GATE.

Rick Baedeker of Churchill Downs California Operating Company (CDCOC) stated he spoke with representatives of the various racetracks and they supported his organization's request. He said CDCOC would suggest the Board consider allowing the industry to conduct a one-year

experiment where all associations would agree to adopt the rule. CDCOC was asking to implement a 10-day vet's list. Mr. Baedeker said CDCOC initiated the same rule at its 2003 summer meeting. He stated the rule expanded the vet's list from 5 to 10 days with the exception that the State veterinarian could reduce the time to 3 days if a scratch was made on the racetrack. The exception was initiated so that jockeys would not be discouraged from reporting an issue with his horse. Mr. Baedeker said in 2002 the 5-day vet's list resulted in 239 late scratches. When the rule changed in 2003, there was a 47 percent reduction in late scratches. In 2004, CDCOC returned to a 5-day vet's list and late scratches increased 31 percent. CDCOC wished to reintroduce the 10-day vets list to reduce abuse of late scratches and to increase field size. Chairman Harris asked if the State vet was the only person with authority to reduce time on the vet's list. Mr. Baedeker said only the State vet could reduce the time for horses scratched on the racetrack or the paddock. Chairman Harris asked how the 10 days worked. Mr. Baedeker said the 10 days started the day after the scratch and lasted for 10 calendar days. Chris McCarron said if 3-day waivers were given to a horse it should still have to work for the vet. Mr. Baedeker said the 3-day provision was initiated to ensure jockeys would not hesitate to report problems with their horses. If a jockey had to worry about the wrath of his trainer, he might think twice before taking the horse to the gate. Ed Halpern of California Thoroughbred Trainers (CTT) said his organization opposed the rule. He stated it appeared whether it was a 5-day or 10-day scratch, from information provided by the CDCOC racing secretary, horses entered after a late scratch could be counted on one hand. Mr. Halpern said owners should be given incentives to run horses. The main problem with horse racing was a lack of owners. Every time a new difficulty is presented, a few owners

were lost. Commissioner Shapiro **motioned** to approve the request by CDCOC to implement the 10-day veterinarian's list. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

DISCUSSION BY THE BOARD ON THE CALIFORNIA PERFORMANCE REVIEW COMMISSION REPORT.

Paige Noble, CHRB staff, said the California Performance Review Commission (CPRC) issued a report in August 2004. The report contained recommendations regarding streamlining California state government and the services it provided the public. The report recommended the California Horse Racing Board be abolished and its responsibilities transferred to a new Department of Commerce and Consumer Protection. Hearings on the CPRC report were held throughout California to receive public comment. In October 2004, the CPRC would meet and consider the public's comments and make a final report and recommendations to the governor. Before the governor could put the reorganization plan before the legislature, he would need to submit it to the Little Hoover Commission (LHC) for 30 days. The LHC would conduct its own hearings and submit an advisory report to the governor and the legislature within 30 days of the plan being submitted to the legislature. In effect, the LHC would have 60 days to review the governor's plan. Because he must present the plan during a "regular session" the governor could not submit the plan before January 2005. Once it was submitted, the plan would become effective in 61 days unless a majority of the senate or the assembly voted to reject the plan. Chairman Harris asked if there were any comments regarding horse racing made by the industry at the CPRC hearings. Mr. Noble said there were none to his knowledge. Chairman Harris said the issue was how the industry wished to be regulated. The

Board would be dissolved and become part of the new Department of Commerce and Consumer Protection. He suggested the industry read the report to understand how it would be impacted. Absent feedback from the industry, the Board would be dissolved. Chairman Harris said the entire format would change. Rather than work with a Board, the industry would deal with an individual who would make decisions. Mr. Noble said there would be no public requirement for meetings or hearings under a director or secretary for the new agency. Commissioner Moss stated he thought the industry was too large to be handed over to a bureaucracy that would not treat it with the same regard as the Board. Craig Fravel of Del Mar Thoroughbred Club said he spoke with various legislators and received the impression the reorganization plan would not be greeted with much enthusiasm. He stated there would soon be a meeting of racing interests and staff would be welcome to attend or submit information. Chairman Harris said that would be good, as he did not feel the Board should lobby to perpetuate itself. The industry needed to determine what it wanted. There were some Board functions that could be done by another agency, but there were other functions, that if handled differently could hurt racing.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETINGS:

- A. **DEL MAR THOROUGHBRED CLUB** AT DEL MAR FROM JULY 21 THROUGH SEPTEMBER 8, 2004.
 - B. **CALIFORNIA EXPOSITION AND STATE FAIR** AT SACRAMENTO FROM AUGUST 25 THROUGH SEPTEMBER 6, 2004.
 - C. **LOS ANGELES COUNTY FAIR** AT POMONA FROM SEPTEMBER 10 THROUGH SEPTEMBER 26, 2004.
-

John Reagan, CHRB staff, said the Del Mar meeting handle was down on-track and up off-track. Mr. Reagan noted there were large increases in advance deposit wagering. He stated the same pattern existed for the other concluded race meetings.

REPORT OF THE AD HOC SECURITY COMMITTEE

Commissioner Bianco said the Ad Hoc Security Committee would hold a meeting prior to the December 2, 2004, Regular Board Meeting.

GENERAL BUSINESS

Richard Castro of the Pari-Mutuel Employees Guild (Guild) said in return for its support of the advance deposit wagering (ADW) legislation the Guild was promised live-phone operator jobs. He stated the Guild would be opposed to the renewal of any ADW license or approval until an agreement was reached regarding that classification of work. Mr. Castro stated the Guild wanted to know how much was spent monthly on ADW over the Internet and what the average wager was for California-generated accounts. In addition, Mr. Castro stated he recently learned pari-mutuel clerks with totalizator problems were putting their own money in their boxes to balance. He stated neither management nor the Guild wished this to happen.

Chairman Harris said he did not think the Board could discuss the issue, as it was not on the agenda. He stated there were two or three issues that would take different approaches, including discussion by the Board.

MEETING ADJOURNED AT 12:14 P.M.

A full and complete transcript of the aforesaid proceedings are on file at the office of the California Horse Racing Board, 1010 Hurley Way, Suite 300, Sacramento, California, and therefore made a part hereof:

Chairman

Executive Director

CALIFORNIA HORSE RACING BOARD

December 2, 2004, Regular Board Meeting

There is no board package material for this item.

Resolution to be presented at the board meeting.

STAFF ANALYSIS

December 2, 2004

ITEM - 3

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF BAY MEADOWS RACING ASSOCIATION AT BAY MEADOWS FEBRUARY 2, 2005 THROUGH MAY 8, 2005.

Bay Meadows Racing Association filed its application to conduct a thoroughbred horse racing meeting at Bay Meadows:

- February 2 through May 8, 2005, or 72 days. The association proposes to race a total of 619 races, or 8.6 per day.
 - Request to increase the number of races if sufficient horses are available. An increase could result in the association averaging more than 8.6 races per day.

February - 2005						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12 H
13	14	15	16	17	18	19
20	21 H	22	23	24	25	26
27	28					

March - 2005						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

April - 2005						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

May - 2005						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30 H	31				

- Racing 5 days per week, Wednesday through Sunday, with 8 races Wednesdays, Thursdays and Fridays, 9 or 10 Saturdays, Sundays, holidays and days of special interest.
 - Racing Monday, February 21 and April 18.
- First post 12:45 p.m. daily through April 18.
 - 1:05 p.m. April 23 through May 8.
 - 7:20 p.m. Friday February 4, April 8, 15, 22 and 29.
- Request Patrick Kealy be appointed horse identifier pursuant to CHRB Rule 1525.
- Track safety requirements have been fulfilled.
- Wagering program will use CHRB rules.
 - Pick (n) pool (pick 6), 70% to major pool or carryover and 30% to minor pool.
 - Advance wagering May 6 for the Kentucky Derby.
- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.

- Inspection of backstretch worker housing completed.

Specific information **still needed** to complete this application includes:

1. Horsemen's agreement.
2. Fire clearance.
3. Worker's compensation insurance.

RECOMMENDATION:

Staff recommends the Board approve the application conditioned upon receiving the additional information necessary to conduct the racing meeting.

In addition, Bay Meadows Racecourse does not have a covered receiving barn. Staff recommends the Board advise Bay Meadows Racing Association to have a covered receiving barn in place before the September 3, 2005, race meet.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING
CHRB-17 (Rev. 7/01)

Application is hereby made to the California Horse Racing Board (CHRB) for a license to conduct a horse racing meeting in accordance with the California Business and Professions (B&P) Code, Chapter 4, Division 8, Horse Racing Law, and the California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

1. APPLICANT ASSOCIATION

A. Name, mailing address, telephone and fax numbers of association:

Bay Meadows Racing Association
1200 Park Place
San Mateo, CA 94403

Phone: (650) 524-1237
Fax: (650) 524-1211

B. Breed of horse: ☒ TB ☐ QH ☐ H

C. Racetrack name: Bay Meadows

D. Attach a certified check payable to the Treasurer of the State of California in the amount of \$10,000 as deposit for license fees pursuant to B&P Code Section 19490.

NOTICE TO APPLICANT Application must be filed not later than 90 days before the scheduled start date for the proposed meeting pursuant to CHRB Rule 1433.

2. DATES OF MEETING

A. Inclusive dates for the entire meeting: February 2, 2005 through May 8, 2005

B. Actual dates racing will be held: February 2-6, 9-13, 16-21, 23-27
March 2-6, 9-13, 16-20, 23-27, 30-31
April 1-3, 6-10, 13-18, 20-24, 27-30
May 1, 4-8

C. Total number of days or nights of racing: 72

D. Days or nights of the week races will be held:

☒ Wed - Sun ☐ Tues - Sat ☐ Other (specify)

Special racing:

Monday, February 21, 2005, Presidents' Birthday
Monday, April 18, 2005, closing day at Santa Anita

E. Number of days or nights of racing per week: 5, with exceptions noted in D

CHRB CERTIFICATION

Application received: 11/3/04 VP
Deposit received: 10,000
Reviewed: PN

Hearing date: 12/2/04
Approved date:
License number:

3. RACING PROGRAM

- A. Total number of races: 619
- B. Number of races for each day or night:
Not more than an average of 8.6 races per day throughout the meet; propose to conduct 8 races on Wednesdays, Thursdays, and Fridays, 9 or 10 races on Saturdays, Sundays, Holidays and days of special interest. Will seek administrative approval to conduct more than an average of 8.6 races per day if the horse population permits additional races.
- C. Total number of stakes races: 15
- D. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. Note the races that are designated for California-bred horses.
- E. Will provisions be made for owners and trainers to use their own registered colors?
☒ Yes ☐ No If no, what racing colors are to be used:
- F. List all post times for the daily racing program:

Race	Daytime		Friday Nights
	Day Cards (2/2-4/18) Coordinating with Santa Anita	Day Cards (4/23-5/8) Coordinating with Hollywood Park	(2/4, 4/8, 4/15, 4/22, 4/29) Coordinating when applicable with Santa Anita, Hollywood Park & Los Alamitos
1	12:45	1:05	7:20
2	1:15	1:35	7:47
3	1:45	2:05	8:14
4	2:15	2:36	8:41
5	2:45	3:07	9:09
6	3:15	3:38	9:37
7	3:45	4:08	10:05
8	4:15	4:38	10:33
9	4:45	5:08	
10	5:15	5:38	

NOTICE TO APPLICANT Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to B&P Code Section 19568(b).

4. RACING ASSOCIATION

- A. Association is a: ☒ Corporation (complete subsection C)
☐ LLC (complete subsection D)
☐ Other (specify, and complete subsection E)
- B. Complete the applicable subsection and attached Addendum, Background Information and Ownership.

BAY MEADOWS 2005 WINTER-SPRING STAKES SCHEDULE
February 2, 2005 through May 8, 2005

Saturday, February 5, 2005

SEABISCUIT BREEDERS' CUP HANDICAP -Grade III

\$100,000 Guaranteed*

*(Includes \$25,000 from the Breeders' Cup Fund)

Four-Year-Olds & Upward

One Mile & One-Sixteenth

Saturday, February 12, 2005

SAN MATEO MILE

\$100,000 Guaranteed

Three Years Old

One Mile

Saturday, February 19, 2005 – Overnight Stake

BURLINGAME STAKES - \$55,000 Added

(Plus up to \$16,500 to Cal-Breds)

Fillies Three Years Old

One Mile & One-Sixteenth

Monday, February 21, 2005-Overnight Handicap

PRESIDENT'S DAY SPRINT- \$55,000 Added

(Plus up to \$16,500 to Cal-Breds)

Three-Year-Olds & Upward

Six Furlongs

Saturday, February 26, 2005-Overnight Handicap

SOVIET PROBLEM - \$55,000 Added

(Plus up to \$16,500 to Cal-Breds)

Fillies & Mares Three-Year-Olds & Upward

Six Furlongs

Saturday, March 5, 2005-Overnight Handicap

FOSTER CITY - \$55,000 Added

(Plus up to \$16,500 to Cal-Breds)

Fillies & Mares Three Years Old & Upward

One Mile

Saturday, March 12, 2005

EI CAMINO REAL DERBY – Grade III

\$200,000 Guaranteed

Three Years Old

One Mile & One-Sixteenth

Saturday, March 19, 2005 -
STANFORD BREEDERS' CUP HANDICAP -Grade III
\$125,000 Guaranteed*

*(Includes \$50,000 from the Breeders' Cup Fund)
Three-Year-Olds & Upward One Mile & One-Sixteenth (Turf)

Saturday, March 26, 2005-Overnight Handicap
SAN CARLOS - \$55,000 Added
(Plus up to \$16,500 to Cal-Breds)
Three-Year-Olds & Upward Six Furlongs

Saturday, April 2, 2005-Overnight Handicap
WOODSIDE - \$55,000 Added
(Plus up to \$16,500 to Cal-Breds)
Fillies & Mares Three Years Old & Upward Six Furlongs

Saturday, April 9, 2005-Overnight Handicap
MISS AMERICA - \$55,000 Added
(Plus up to \$16,500 to Cal-Breds)
Fillies & Mares Three Years Old & Upward One Mile and One-Sixteenth (Turf)

Saturday, April 16, 2005-Overnight Stake
BAY MEADOWS OAKS - \$55,000 Added
(Plus up to \$16,500 to Cal-Breds)
Fillies Three Years Old One Mile and One-Sixteenth (Turf)

Saturday, April 23, 2005
SAN FRANCISCO BREEDERS' CUP MILE - Grade II
\$150,000 Guaranteed*
*(Includes \$50,000 from the Breeders' Cup Fund)
Three-Year-Olds & Upward One Mile (Turf)

Sunday, April 24, 2005-Overnight Stake
WINNERS' FOUNDATION SPRINT - \$55,000 Added
(Plus up to \$16,500 to Cal-Breds)
Fillies Three Years Old Six Furlongs

Saturday, April 30, 2005-Overnight Stake
GREGSON FOUNDATION SPRINT - \$55,000 Added
(Plus up to \$16,500 to Cal-Breds)
Three Years Old Six Furlongs

C. CORPORATION

1. Registered name of the corporation: Bay Meadows Racing Association
2. State where incorporated: Delaware
3. Registry or file number for the corporation: 37818008100040246127
4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
 Terrence Fancher, Director
 Kristin Gardner, Director and Secretary
 Charlene Kiley, Director and Chief Financial Officer
5. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
 None
6. Number of outstanding shares in the corporation: 100
7. Are the shares listed for public trading? ☐ Yes ☒ No
 If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: Kristin Gardner
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
 Bay Meadows Main Track Investors, LLC
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

D. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? ☐ Yes ☐ No
 If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.

E. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.

F. Management and Staff

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 10B, who will be listed in the official program:

F. Jack Liebau – President
 Bernie Thurman – Vice President and General Manager, Administration
 Michael Ziegler – Vice President and General Manager, Operations
 Michael Scalzo – Vice President Operations
 Dyan Grealish – Vice President and Director of Group Sales
 Daniel Newman – Controller
 Joe Fernando – Director of Food and Beverage and Community Development
 Bryan Wayte – Mutuel Manager
 Kay Webb – Simulcast Coordinator
 Tony Calo – Track Announcer
 Jim Fetter – Director of Video Operations

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:

F. Jack Liebau – President

5. PURSE PROGRAM

A. Estimated purse distribution:

1. All races other than stakes: \$9,504,000 (Excludes listed stakes, overnight stakes & handicaps)
2. Overnight stakes: \$ 550,000 (Includes overnight handicaps and supplemental funds)
3. Non-overnight stakes: \$ 675,000 (Includes Breeders' Cup supplemental funds)

B. Stakes Races:

1. Estimated purse distribution for all stakes races: \$1,225,000, including supplements
2. Percentage of the estimated purse distribution for all stakes races that will be distributed for California-bred stakes races: Over the course of the calendar year, more than 10% of the purse distribution for stakes events will be for California-breds

C. Estimated funds to be generated for all California-bred incentive awards: \$1,403,200

D. Estimated amount of payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):

<u>Recognized Horsemen's Organization</u>	<u>Estimated Payment</u>
Thoroughbred Owners of California (NTRA contribution)	\$ 144,000
Thoroughbred Owners of California	\$ 106,040

California Thoroughbred Trainers (Administration)	\$ 53,020
California Thoroughbred Trainers (Pension)	\$ 106,040
Total	\$ 409,100

- E. Total estimated amount from all sources to be distributed at the meeting in the form of purses or other benefits to horsemen: \$12,541,300
- F. Estimated purse funds to be generated from on-track handle and intrastate off-track handle: \$ 8,705,625
- G. Estimated purse funds to be generated from interstate handle: \$1,978,375
- H. Bank or depository for the Paymaster of Purses' purse account and the account number:
Wells Fargo—# 412073456
- I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meeting:
Bowen McBeth
10722 Arrow Route, Suite #110, Rancho Cucamonga, CA 91730 Phone # (909) 944-6465

NOTICE TO APPLICANT All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, **shall not** be deemed as income to the association and **shall**, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

6. STABLE ACCOMMODATIONS

- A. Number of usable stalls available for racehorses at the track where the meeting is held: 900
- B. Minimum number of stalls believed necessary for the meeting: 1,900
- C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: 1,000
- D. Name or location of each off-site stabling area and the number of stalls to be maintained at each site:
Golden Gate Fields – 1,000
- E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses which cannot be provided stabling on-site.

Complete subsections F through I if the association will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

- F. Total number of usable stalls made available on-site for the **1986** meeting: 1,534
- G. Estimated cost to provide off-site stalls for this meeting: \$678,600
- H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse: \$115 per-horse, \$169,395 estimated total
- I. Estimated cost for off-site stabling and vanning for this meeting. Show cost per-day per-stall:
Estimated combined off-site stabling and vanning - \$847,995; stabling cost per day per stall - \$7.07; cost per day per stall including both stabling and vanning - \$8.83

7. PARI-MUTUEL WAGERING PROGRAM

- A. Pursuant to B&P Code Section 19599, and with the approval of the CHRB, associations may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International (RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:

Use DD for daily double, E for exacta (special quinella), LS for limited sweepstakes (pick 6), PK3 for pick three, PK4 for select four, PK6 for pick 6 one pool, PK7 for pick 7, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, SS1 for special sweepstakes (pick 6) alternate 1, SS2 for special sweepstakes (pick 6) alternate 2, SS3 for special sweepstakes (pick 6) alternate 3, SRUS for special reserved unlimited sweepstakes (pick 9), SUS for special unlimited sweepstakes (pick 9), TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Example Race:	\$1 E; \$2 Twin Trifecta	CHRB #1959; RCI #VP
Race #1	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 PPN%; \$1 SF#; \$1 PK4!	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1; 1978
Race #2	\$2 DD*; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 PPN%; \$1 SF#; \$1 PK4!	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1; 1978
Race #3	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF#; \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #4	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF#; \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #5	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF#; \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #6	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF#; \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #7	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF#; \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #8	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF#; \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978
Race #9	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF#; \$1 PPN%; \$1 PK4!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978

Race #10 \$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$1 SF#;
\$1 PPN%; \$1 PK4!

CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1978

- * - \$2 Daily Double on all races
- @ - \$2 Pick 6 on last six races
- + - \$1 Pick 3 on every race
- ++ - \$1 Trifecta on every eligible race
- # - \$1 Superfecta on all eligible races
- % - \$1 Place Pick All on all races carded
- ! - \$1 Pick 4 on first four and last four races

Additional deduction provided by subdivision (a) of Section 19611.5 will be made.

- B. The maximum carryover pool to be allowed to accumulate before its distribution **OR** the date(s) designated for distribution of the carryover pool: May 8, 2005 (closing day)
- C. List any options requested with regard to exotic wagering:
Pick (n) pool (pick six) - \$2 minimum wager; 70% to major pool or carryover, 30% to minor pool
- D. Will "advance" or "early bird" wagering be offered? ☒ Yes ☐ No
If yes, when will such wagering begin: May 6, 2005 – advance day wagering on the Kentucky Derby
- E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract:
Scientific Games-Probe System, Contact Person-David Payton, Contract Expires-October, 2006

8. SIMULCASTING WAGERING PROGRAM

- A. Simulcast organization engaged by the association to conduct simulcast wagering:
Northern California Off-Track Wagering, Inc.
- B. Attach the agreement between the association and simulcast organization permitting the organization to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools.
- C. California simulcast facilities the association proposes to offer its live audiovisual signal:

NORTHERN CALIFORNIA

Alameda County Fair, Pleasanton
Big Fresno Fair, Fresno
California State Fair & Exposition, Sacramento
Club One, Fresno
Golden Gate Fields, Albany
Kern County Fair, Bakersfield
Monterey County Fair, Monterey
Redwood Acres Fair, Eureka
San Joaquin County Fair, Stockton
Santa Clara County Fair, San Jose
Shasta District Fair, Anderson
Solano County Fair, Vallejo
Sonoma County Fair, Santa Rosa
Stanislaus County Fair, Turlock
Tulare County Fair, Tulare

SOUTHERN CALIFORNIA

Barona Casino, Lakeside
Fantasy Springs Casino (Cabazon), Indio
Del Mar Thoroughbred Club, Del Mar
Hollywood Park, Inglewood
Desert ExpoCentre, Indio
The Farmers Fair, Perris
Antelope Valley Fair, Lancaster
Santa Barbara County Fair, Santa Maria
Los Alamitos Racecourse, Los Alamitos
Mid-State Fair, Paso Robles
National Orange Show, San Bernardino
Fairplex Park, Pomona
Santa Anita, Arcadia
Viejas Casino & Turf Club, Alpine
Earl Warren Showgrounds, Santa Barbara
Sycuan Gaming Center, El Cajon
Ventura County Fair, Ventura
San Bernardino County Fair, Victorville

D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal.
Attachment "A"

E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association.
Attachment "A"

Advance Deposit Wagering on Bay Meadows races will be offered on a non-exclusive basis by those companies duly licensed to conduct such wagering in California

F. For **THOROUGHBRED** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

NOTICE TO APPLICANT B&P Code Section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 23 imported thoroughbred races statewide. The limitation of 23 imported thoroughbred races per day statewide does not apply to those races specified in B&P Code Section 19596.2(a)(1), (2), (3) and (4).

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
NYRA		Full or Partial Cards
Fairgrounds		Full or Partial Cards
Hawthorne		Full or Partial Cards
Keeneland		Full or Partial Cards
Churchill Downs		Full or Partial Cards
Pimlico		Full or Partial Cards
Gulfstream Park		Full or Partial Cards
Thistledown		Full or Partial Cards
Calder		Full or Partial Cards
Oaklawn		Full or Partial Cards
Philadelphia Park		Full or Partial Cards
Turf Paradise		Full or Partial Cards
Oaklawn		Full or Partial Cards
Tampa Bay Downs		Full or Partial Cards

Additional cards and/or races pending negotiations

G. For **QUARTER HORSE** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Examples:		
Retama Park	4/8 & 4/9/99	Full Card
Ruidoso Downs	9/6/99	Selected Feature and/or Stakes Races

H. For **STANDARD BRED** racing associations, list the host tracks from which the association proposes to

Attachment A

Out-of-state wagering systems the association proposes to offer its live audiovisual signal and Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association.

Commingled Pools

Acoma Pueblo, NM
 AmWest Entertainment, SD
 AmericaTAB, OR
 Arapahoe Park, CO
 Arlington International Race Course, IL
 Atlantic City Casino Assn., NJ
 Atlantic City Race Course, NJ
 Atokad Downs, NE
 Attheraces, England
 Balmoral Park, IL
 Batavia Downs, NY
 Bettor Racing OTB, SD
 Beulah Park, OH
 Birmingham Race Course, AL
 Blue Ribbon Downs, OK
 Bluff's Run Greyhound, IA
 Boyd Gaming d/b/a Delta Downs-LA
 Buffalo Trotting Association, NY
 Calder Race Course, FL
 Canterbury Park, MN
 Capital District Regional OTB, NY
 Catskill Regional Off-Track Betting, NY
 Charles Town Races, WV
 Choctaw Racing Services, L.L.C., OK
 Churchill Downs, KY
 Churchill Downs Trackside, KY
 Coeur d'Leone Hotel & Casino (ADW), ID
 Coeur d'Leone Hotel & Casino, ID
 Colonial Downs, VA
 Columbus Races, NE
 Connecticut OTB, CT
 Ho-Chuck Casino (via CT OTB)
 Isle of Capri (via CT OTB)
 Corpus Christi Greyhound Track, TX
 Dairyland Greyhound Park, WI
 Delaware Park, DE
 Delta Downs, LA
 Dover Downs, DE
 Downs at Albuquerque, NM
 Dubuque Greyhound, IA
 Ellis Park, KY
 Emerald Downs, WA
 Eureka Downs, KS
 Euro Off-Track, England
 Evangeline Downs, LA
 Fair Grounds, LA
 Fair Meadows, IL
 Fairmount Park, IL
 Finger Lakes Race Track, NY
 Fonner Park, NE
 Freehold Raceway, NJ
 Geneva Lakes Kennel Club, WI
 Great Lakes Downs, MI
 Greentrack, AL
 Gulfstream Park, FL
 Harrington Raceway (Midway Slots), DE
 Hawthorne Race Course, IL
 Hazel Park, MI
 Hinsdale Greyhound Park, NH
 Hoosier Park, IN
 Horsemen's Park, NE
 Indiana Downs, IN
 Evansville, OTB, KY
 Clarksville OTB, IN
 Jackson Harness Raceway, MI
 Keeneland, KY

Kentucky Downs, KY
 Kentucky OTB, KY
 Las Vegas Dissemination Services, NV
 Atlantis Paradise Island Casino, Bahamas
 Cities of Gold Sports Bar (Pojoaque), NM
 Comanche Nation Games, OK
 Elite Turf Club, Curacao
 Fire Lakes Entertainment, OK
 Foxwoods Resorts Casino, CT
 Holiday Beach, Curacao
 Meskwaki Bingo & Casino, IA
 Red River Casino, OK
 Spirit Mountain Casino, OR
 The Stables, OK
 Tonkawa Bingo, OK
 Lebanon Trotting Club, OH
 Les Bois Park, ID
 Lewiston OTB, ME
 Lien Games, ND
 Lincoln Greyhound Park, RI
 Lincoln State Fair, NE
 Lone Star Race Park, TX
 Louisiana Downs, LA
 Manor Downs, TX
 Maryland Jockey Club, MD
 Maywood Park, IL
 Meadowlands/Monmouth Park, NJ
 Mobile Greyhound Park, AL
 Monmouth Park, NJ
 Montana Simulcast Partners (IMS), MT
 Monticello Raceway, NY
 Mountaineer Park, WV
 Mt. Pleasant Meadows, MI
 Multnomah Greyhound Park, OR
 Nassau Downs Regional OTB, NY
 Nebraska State Fair Park, NE
 Nevada Pari-Mutuel Association, NV
 New Mexico State Fair, NM
 New York City Off-Track Betting, NY
 New York Racing Association, NY
 Newport Jai Alai, RI
 Northfield Park, OH
 Northville Downs/Racing Corp., MI
 Oaklawn Park, AR
 Ocean Downs, MD
 Penn National Race Course, PA
 Penn National, PA Telebet, Dial-A-Bet, PA
 Philadelphia Park, (PhoneBet), PA
 Plainridge Racecourse, MA
 Plainridge Account Wagering, MA
 Pocono Downs, PA
 Portland Meadows, OR
 Prairie Meadows, IA
 Raceway Park, OH
 Racing & Gaming Services (RGS), W.I
 Remington Park, OK
 Retama Park, TX
 River Downs, OH
 Rockingham Park, NH
 Rosecroft Raceway, NY
 Ruidoso Downs, NM
 Saginaw Harness, MI
 Sam Houston Race Park, TX
 Saratoga Harness Raceway, NY
 Scarborough Downs, ME
 Schenectady OTB, NY
 Scioto Downs, OH

Southland Greyhound Park-AR
 Sports Creek Raceway, MI
 Sportsman's Park, IL
 Suffolk Downs, MA
 Suffolk Downs OTB
 Excelsior Casino
 Suffolk Regional OTB, NY
 Sunland Park Racetrack, NM
 SunRay Park and Casino, NM
 Tampa Bay Downs, FL
 The Greyhound Park at Post Falls, ID
 The Meadows, PA
 The Meadows (ADW), PA
 The Racing Channel International (TRNI), England
 The Texas Hub (Gulf Greyhound), TX
 Thistledown Racing Club, OH
 Tri-State Greyhound, WV
 Tucson Greyhound Park, AZ
 Turfway Park, KY
 Turf Paradise, AZ
 Turning Stone Casino, NY
 TVG, CA
 Valley Greyhound Race Park, TX
 Vernon Downs, NY
 Western Regional OTB, NY
 Wheeling Downs, WV
 Wichita Greyhound Park, KS
 Crystal Palace Casino
 Wonderland Greyhound Park, MA
 Woodlands, KS
 Wyoming Downs, WY
 PonyUp Bet (ADW)
 Xpressbet, CA
 Yavapai Downs, AZ
 Yonkers Raceway, NY
 Youbet.com, Inc., CA
 Zia Park

Separate Pools

Arima Race Club
 Assiniboia Downs, CAN
 Caliente (Hipodromo De Agua Caliente), MEX
 Caymanas Park, JA
 Edmonton Northlands, AL, CAN
 Elmira Raceway, ON, CAN
 Flamboro Downs, ON, CAN
 Fraser Downs, BC, CAN
 Hiawatha Downs, ON, CAN
 Hipodromo d'Aylmer, QU, CAN
 Hipodromo Presidente Remon, PA
 Las Vegas Dissemination Co., NV
 l' Hippodrome de Montreal, ML, CAN
 Marquis Downs, SA, CAN
 MIR (Caliente, Mex.)
 Ontario Jockey Club, ON, CAN
 Pacific Racing Association, BC, CAN
 Queensbury Downs, SA, CAN
 Rideau Carlton, ON, CAN
 Stampede Park, AL, CAN
 Stevenson & Associates, MD
 Western Fair, ON, CAN
 Windsor Raceway, ON, CAN

import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Examples:		
Saratoga Raceway	5/8/99	Full Card
Meadowlands	8/7/99	Selected Feature and/or Stakes Races

- I. For ALL racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported:

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
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- J. For ALL racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Section 19596.2(d), attach a copy showing the agreement by the appropriate racing association(s).

NOTICE TO APPLICANT All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of B&P Code Sections 19596, 19596.1, 19596.2, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vaning deductions. Every association shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each day or night racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 5.)

9. CHARITY RACING DAYS

- A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association:

Bay Meadows Foundation, Melvin Cohn, President, P.O. Box 4687, Burlingame, CA 94011

- B. Names and addresses of the trustees or directors of the distributing agent:

Melvin E. Cohn, c/o Aaronson, Dickerson, Cohn, & Lanzone
939 Laurel Street, Suite D, San Carlos, CA 94070

Joseph W. Cotchett, c/o Cotchett & Pitre
840 Malcom Road, Suite 200, Burlingame, CA 94010

James Fox, San Mateo District Attorney
401 Marshall Street, Redwood City, CA 94063

Eleanor Nettle
2015 Eucalyptus, San Carlos, CA 94070

Jackie Speier, c/o Electronic Arts
1450 Fashion Island Blvd., San Mateo, CA 94404-2064

Tormey L. Ward
391 Montwood Circle, Redwood City, CA 94062

Robert F. Kane, c/o Judges & Attorneys Resolution Services, Inc.
630 N. San Mateo Drive, San Mateo, CA 94403

- C. Dates the association will conduct races as charity racing days OR
- D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)? ☒ Yes

NOTICE TO APPLICANT Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

10. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

A. Racing Officials nominated:

Associate Judges	n/a
Association Veterinarian(s)	Don Davies, Track Veterinarian Diane Isbell, Examining Veterinarian
Clerk of Scales	Paul Nicolo
Clerk of the Course	Anne Daftary
Horse Identifier	Patrick Kealy
Horseshoe Inspector	Jack Hammonds
Paddock Judge	Gary Lawless
Patrol Judges	Gary Lawless, Ella Robinson
Placing Judge	Tina Walker, Greg Brent
Starter	Chuck Burkes
Timer	Richard Somers

B. Management officials in the racing department:

Racing Secretary	Tom Doutrich
Coordinator of Racing Operations	Richard Lewis
Assistant Racing Secretary	Greg Brent, Linda Anderson
Paymaster of Purses	Pat Prospero
Others (identify by name and title)	
Assistant Clerk of Scales	Ken Sjoldal
Main Track Superintendent	Robert Turman
Turf Track Superintendent	Bernie Eastridge
Price Maker	Richard Somers
Stable Area Superintendent	Jerry Lynn Hunter

- C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards:
Christine M. Niccoli, Niccoli Reporting Services (650) 573-9339
619 Pilgrim Drive, Foster City, CA 94404-1707
- D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract:
Plusmic Corp USA, Bill O'Brien, P. O. Box 6379, Napa, CA 94581
Expiration Date: 11/05 Description of Equipment on file with CHRB
- E. Photopatrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract:
Photopatrol service, provided by Bay Meadows Racing Association utilizes seven color cameras, twenty-one videotape recorders, and nine video monitors.
- F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract:
Bay Meadows electronic timer, installed and maintained by Bay Meadows personnel

11. SECURITY CONTROLS AND EMERGENCY SERVICES

- A. Name and title of the person responsible for security controls on the premises:
Michael Scalzo, Vice President
- B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis. Describe the electronic security system:
- | | |
|------------------------|----|
| Uniformed guards | 18 |
| Plain clothesmen | 2 |
| Stable gate attendants | 5 |
- Security alarm systems, monitored by Hue & Cry, cover the administrative offices, mutuel, operations and catering money rooms. Surveillance systems with time-lapse recorders monitor key locations throughout the plant.
- C. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races:
Bayshore Ambulance, P. O. Box 4622, Foster City, CA 94404 (650) 525-9700
- D. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:
Turf Rescue, LLC, 19615 Barclay Road Castro Valley, CA 94546 (510) 581-8470
- E. Attach a fire clearance from the fire authority having jurisdiction over the premises. To be submitted
- F. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details):
To be submitted
- G. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance which secures the liability of the association for payment of workers' compensation.
To be submitted

12. CONCESSIONAIRES AND SERVICE CONTRACTORS

Names and addresses of all persons to whom a concession or service contract has been given, other than those already identified, and the goods and/or services to be provided by each:

Tip Sheets:

Lisa Wasserman/Jack's Blue Card 127 Sun Avenue Hayward, CA 94544

Armored Car:

Loomis Armored Car P. O. Box 44196 San Francisco, CA 94104

Program Printing:

Del Mar Printing, c/o Golden Gate Fields 1100 Eastshore Highway Albany, CA 94706

Track Photographer:

Vassar Photography 1167 Sapphire Drive Livermore, CA 94550

Jockey's Laundry:

F. Lorene Dutton/Bailey's Mobile Laundry 3263 Vineyard Ave. Pleasanton, CA 94566

Starting Gate:

Mike Costello/United/Puett Starting Gate Co. P. O. Box 18 S. Salem, NY 10590

13. SCHEDULE OF CHARGES

- A. Proposed charges for admissions, seating or boxes, parking and programs. Note any changes from the previous year:

Admission (general)	\$3.00
Admission (clubhouse)	\$6.00
Admission (turf club on weekdays)	\$10.00
Admission (turf club on weekends)	\$15.00
Reserved seating (general)	\$3.00
Reserved seating (clubhouse)	\$3.00
Parking (general)	\$4.00
Parking (preferred)	\$7.00
Parking (valet)	\$7.00
Programs (on-track)	\$2.00
Programs (off-track)	\$2.00

- B. Describe any "Season Boxes" and "Turf Club Membership" fees:

Bay Meadows Jockey Club:

Single Membership	\$ 600
Double Membership	\$1,000
Full Season (6 seat table)	\$2,400
Full Season (4 seat table)	\$2,000
Weekday Membership (4 seats)	\$ 600
Weekend/Holiday Membership (4 seats)	\$1,500

Bay Meadows Reserved Box Seating:

Clubhouse Box (6 seats)	\$1,000
Special Horsemen's Rate	\$ 700
Grandstand Box (6 seats)	\$1,350
Special Horsemen's Rate	\$ 900
Grandstand Box (4 seats)	\$1,100
Special Horsemen's Rate	\$ 800

- C. Describe any "package" plans such as combined parking, admission and program: None

14. JOCKEYS/DRIVERS' QUARTERS

- A. Check the applicable amenities available in the jockeys/drivers' quarters:

<input checked="" type="checkbox"/> Corners (lockers and cubicles)	How many	<input type="text" value="25"/>
<input checked="" type="checkbox"/> Showers	<input checked="" type="checkbox"/> Steam room, sauna or steam cabinets	<input checked="" type="checkbox"/> Lounge area
<input checked="" type="checkbox"/> Masseur	<input checked="" type="checkbox"/> Food/beverage service	<input checked="" type="checkbox"/> Certified platform scale

- B. Describe the quarters to be used for female jockeys/drivers:

Fifteen by seventeen foot room with a private entrance hall; room has windows, TV, heating unit, bunk beds, and a single stall shower. Attached is a private rest room with sink & toilet.

15. BACKSTRETCH EMPLOYEE HOUSING

- A. Attach written certification that an inspection of the backstretch employee housing has been conducted by a lead agency designated by the CHRB and the applicant is not aware of any known violations of the local housing ordinances. *Inspection completed*
- B. Number of rooms used for housing on the backstretch of the racetrack:
69 rooms in the barn area, plus 53 in the dormitory for a total of 122 rooms
- C. Number of restrooms available on the backstretch of the racetrack:
Barn area has 10 restrooms with 35 toilets & 26 showers, dorm area has 6 restrooms, 3-men, 3-women
- D. Estimated ratio of restroom facilities to the number of backstretch personnel 1 to 7

16. TRACK SAFETY

- A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line: feet.
- B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course.
Inner rail is a metal gooseneck Fontana safety rail, 42" in height from track to top of rail.
Outer rail is a metal rounded pipe rail.
- C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474: Bob Turman
- D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474.
- E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance

for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of \$3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing.

17. DECLARATIONS

- A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state):

BMRA will become a signatory to labor agreements now in place with Bay Meadows Operating Company. The Local 2, HERE contract expires 12/31/04

- B. Attach each horsemen's agreement pursuant to CHRB Rule 2044. To be submitted
- C. Attach a lease agreement permitting the association to occupy the racing facility during the entire term of the meeting. (In the absence of either a lease agreement or a horsemen's agreement, a request for an extension pursuant to CHRB Rule 1407 shall be made).
- D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state):

No exceptions

- E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): No exceptions

NOTICE TO APPLICANT Pursuant to CHRB Rules 1870 and 1871, the CHRB shall be given 15 days' notice in writing of any intention to terminate a horse racing meeting or the engagements or services of any licensee, approved concessionaire, or approved service contractor.

18. CERTIFICATION BY APPLICANT

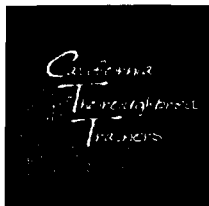
I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the association to attest to this application on its behalf.

Michael Ziegler Bernie Thurman
Print Name

Michael Ziegler B. Thurman
Signature

Vice President / GM-Operations VP/GM-Admin
Print Title

11/2/04 11/2/04
Date

**PRESIDENT**

JENINE SAHADI

1ST VICE PRESIDENT

HOWARD ZUCKER

2ND VICE PRESIDENT

JAMES M. HILLING

SECRETARY / TREASURER

BARRY ABRAMS

PRESIDENT EMERITUS

NOBLE THREEWITT

BOARD OF DIRECTORS

BARRY ABRAMS
JEFFREY BONDE
JAMES HILLING
LEIGH ANN HOWARD
PHILIP OVIEDO
ED MOGER, JR.
JENINE SAHADI
DANNY VELASQUEZ
HOWARD ZUCKER

EXECUTIVE STAFF

EDWARD I. HALPERN
Executive Director
& General Counsel

CHARLES E. DOUGHERTY, JR.
Deputy Director

ANGIE CARMONA
Deputy Director

November 18, 2004

VIA FAX (916) 263-6042

California Horse Racing Board
1010 Hurley Way, Suite #300
Sacramento, CA 95825

Dear Commissioners:

We support the approval of the license application of the Bay Meadows Racing Association ("BMRA") to conduct a thoroughbred meet commencing February 2, 2005, and the approval of its application to operate a satellite wagering facility on a year-round basis.

It is important for BMRA to be licensed to operate a satellite wagering facility in order to assure the continued operation of Bay Meadows Racetrack as a racing venue in Northern California. We believe that the continued existence of the Bay Meadows racetrack is of extreme importance to the continued viability of thoroughbred racing in Northern California.

Very truly yours,

EDWARD I. HALPERN
Executive Director & General Counsel

EIH:ac

SO. CALIFORNIA - MAIN OFFICE
Santa Anita Racetrack
285 W. Huntington Drive
Arcadia, CA 91007
P.O. Box 660039
Arcadia, CA 91066-0039
(626) 447-2145
(626) 446-0270 FAX
E-Mail: caltrns@pacbell.net

NO. CALIFORNIA - FIELD OFFICE
Bay Meadows Racetrack
P.O. Box 5050
San Mateo, CA 94402
(650) 345-1646
(650) 345-8962 FAX
E-Mail: nocatt@aol.com

STAFF ANALYSIS
December 2, 2004

ITEM - 4

ISSUE: APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT
WAGERING OF ODS TECHNOLOGIES, L.P. D/B/A/ TVG JANUARY 1, 2005
THROUGH DECEMBER 31, 2006.

TVG filed its application as an out-of-state multi-jurisdictional wagering hub to provide Advance Deposit Wagering.

- January 1, 2005 through December 31, 2006, 365 days a year, 24 hours a day.
- TVG will provide advance deposit wagering services for the following:
 - Churchill Downs Incorporated at Hollywood Park
 - Del Mar Thoroughbred Club at Del Mar
 - Los Alamitos Racing Association at Los Alamitos Race Course
 - Los Angeles County Fair at Fairplex
 - Oak Tree Racing Association at Santa Anita Park

Items **still needed** to complete this application:

1. Horsemen's agreement for Thoroughbred Owners of California.

RECOMMENDATION:

Staff recommends the Board approve the application conditioned upon receiving the Horsemen's agreement.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR APPROVAL TO CONDUCT ADVANCE DEPOSIT WAGERING
CHRB-133

Application is made to the CHRB for approval to conduct Advance Deposit Wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

NOTICE – By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000.

1. OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB (out-of-state Hub)

A. Name, mailing address, telephone and fax numbers:

ODS Technologies, L.P. d/b/a TVG
19545 N.W. Von Neumann Drive, Suite 210
Beaverton, OR 97006
Tel: (503) 748-3800
Fax: (503) 748-3838

B. Name, title, license number and racing jurisdiction where licensed for all management personnel:

Rich McNutt, Chief Technology Officer , Oregon license # 200510900
BJ Cosson, Vice President, Operations & Customer Relations , Oregon license # 200510029
Dean Kokko, Manager, Wager Operations, Oregon license # 200510049
Amy Jensen, Supervisor, Financial Services, Oregon License # 200510179
Grace Kenworthy, Manager, Customer Relations, Oregon License # 200610078

C. Name, title and mailing address of the California agent for receipt of service of process:

John Hindman
Vice President of Communications and General Counsel
TVG
6701 Center Drive West, Suite 160
Los Angeles, CA 90045

CHRB CERTIFICATION

Application received: 11/3/04
Reviewed: FN

Hearing date: 12/2/04
Approval date:

- D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

APPENDIX 1 to this document contains an abstract of valid and binding contracts with the following licensed California racing associations or fairs: Del Mar Thoroughbred Club, Fairplex (Los Angeles County Fair Association), Hollywood Park, Los Alamitos and Oak Tree Racing Association that identifies the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

Pursuant to California Horse Racing Board Rule 1497 and the California Public Records Act, APPENDIX 1 to this document contains personal financial data used to establish TVG's qualifications for licensure/approval and is not subject to public disclosure.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted: 365 days/year
- B. Hours Advance Deposit Wagering will be conducted: 24 hours/day

3. BUSINESS STRUCTURE

- A. ☐ Corporation (complete subsection B)
- ☐ LLC (complete subsection C)
- ☒ Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation:
2. State where incorporated:
3. Registry or file number for the corporation:
4. Name of all officers and directors, titles, and number of shares of the corporation held by each:
5. Names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
6. Number of outstanding shares in the corporation:
7. Are the shares listed for public trading? ☐ Yes ☐ No

If yes, on what exchange and how is the stock listed:

8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? ☐ Yes ☐ No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

D. OTHER

1. Name(s) of partners/sole proprietor:

TV Guide, Inc., General Partner.
6922 Hollywood Blvd., 12th Floor
Hollywood, CA 90028

2. If a partnership, attach partnership agreement.

APPENDIX 2 to this document is a copy of the Limited Partnership Agreement for ODS Technologies, L.P.

Pursuant to California Horse Racing Board Rule 1497 and the California Public Records Act, APPENDIX 2 to this document contains personal financial data used to establish TVG's qualifications for licensure/approval and is not subject to public disclosure.

3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

APPENDIX 3 contains the most recent SEC Form 10-Q for Gemstar – TV Guide International, Inc. demonstrating TVG's financial fitness to conduct advance deposit wagering.

4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2074.

A. List the procedures to establish an Account:

1. Customers must be at least 21 years of age to establish an advance deposit wagering account.
2. Customers can establish an account by telephone by calling 1-888-PLAY TVG, on the Internet at www.tvgnetwork.com, by mail, or in person at a TVG retail outlet or racetrack partner by providing the following information:
 - Name
 - Social Security Number
 - Date of Birth
 - Principal Residence Address Including Postal ZIP Code
 - Telephone Number
3. Each application submitted to TVG is subject to electronic verification by a nationally recognized third party information services provider with respect to name, principal residence address including postal zip code, date of birth and Social Security Number. If there is a discrepancy between the application information submitted to TVG and the information provided by the electronic verification described above, or if no information on the applicant is available from such electronic verification, the applicant will be required to provide identification issued by a recognized government agency (driver's license or government ID) showing his or her date of birth and residence address to complete the application process.
3. Provided that the account applicant's information has been positively identified, each applicant is assigned his or her TVG Personal Wagering Account Number and is asked to establish a Personal Identification Number consisting of four (4) numeric characters.
4. To activate the account for wagering purposes, a minimum initial deposit of \$50.00 is required.
5. TVG provides each new wagering accountholder with a "Guide to Interactive Wagering" containing standard terms and conditions, deposit and withdrawal information (including customized deposit and withdrawal slips and a direct deposit/withdrawal authorization form) as

well as comprehensive information about accessing account information, placing wagers and maintaining the account. APPENDIX 4 contains a TVG "Guide to Interactive Wagering."

- B. If an application form is used to establish an Account attach a copy of the form.

A copy of the application form available on www.tvgnetwork.com is provided as APPENDIX 5 to this document.

- C. Name and address of the third party you will use to verify identity, residence and age verification:

Equifax Credit Information Services
P.O. Box 4472
Atlanta, GA 30302

5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.

The Plan of Operation is contained in APPENDIX 6 to this document.

- B. List the type of deposits you will accept:

Deposits will be accepted in the form of:

1. Check, money order or negotiable order of withdrawal;
2. Cash (at designated financial/retail outlets);
3. Charges made to an account holder's credit card or debit card upon the direct and personal instruction of the account holder, which may be given by telephone or other secure electronic means; and
4. Transfer by means of an electronic funds or ACH (Automated Clearing House) transfer from a monetary account controlled by an account holder to his/her account, said account holder may be liable for any charges imposed by the transmitting or receiving entity with such charges to be deducted from the account.

California account holders shall be permitted access to one credit or debit card deposit each day for wagering purposes. Additional credit or debit card deposits to an account shall be made available for use the next day. California account holders must designate if they want to use a credit card to make deposits to their Account. Changes to the designation require 24 hours' notice to TVG.

- C. Identify any fees or transaction-related charges and the amount that will be assessed:

A transaction fee of \$0.25 per wagering transaction (capped at \$19.95 a month) will be assessed.

6. SECURITY ACCESS

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

2. Description of the technology to ensure confidentiality of the Means of Personal Identification:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

3. Methods and locations available for Account Holders to withdraw funds from their Account:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

4. If the Advance Deposit Wagering records will be maintained at a site other than the out-of-state Hub provide the name, address, telephone and fax numbers and the hours of operation:

All of the necessary information is contained in the Plan of Operation (APPENDIX 6)

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

Oregon Racing Commission
Suite 310
800 N.E. Oregon Street, #11
Portland, OR 97232
(503) 731-4052

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

Totalizator services are provided by contract with AmTote International, Inc. The contract expires July 14, 2005. Please refer to the Plan of Operation in APPENDIX 6 for more details.

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

Aqueduct Racetrack, Floral Park, NY
Arlington Park, Arlington Heights, IL
Belmont Park, Elmont NY
Balmoral, Crete, IL
Beulah Park, Grove City, OH
Calder Race Course, Miami, FL
California Authority of Racing Fairs (CARF)
Canterbury Park, Shakopee, MN
Capitol Racing, Sacramento, CA
Churchill Downs, Louisville, KY
Del Mar, Del Mar, CA
Delaware Park, Wilmington, DE
Delta Downs, Vinton, LA
Dover Downs, Dover, DE
Ellis Park, Henderson, KY

Emerald Downs, Auburn, WA
 Evangeline Downs, Lafayette, LA
 Fair Grounds, New Orleans, LA
 Fairmount Park, East St. Louis, IL
 Fairplex Park, Pomona, CA
 Great Lakes Downs, Muskegon, MI
 Harrington Raceway, Harrington, DE
 Hawthorne, Cicero, IL
 Hollywood Park, Inglewood, CA
 Hong Kong Jockey Club, Hong Kong
 Hoosier Park, Anderson, IN
 Keeneland, Lexington, KY
 Kentucky Downs, Franklin, KY
 Los Alamitos, Los Alamitos, CA
 Louisiana Downs, Shreveport, LA
 Maywood Park, Maywood, IL
 Mountaineer Park, Chester, WV
 Monticello Raceway, Monticello, NY
 National Jockey Club (Hawthorne), Cicero, IL
 Northfield Park, Northfield, OH
 Oaklawn Park, Hot Springs, AR
 Oak Tree Racing Association, Arcadia, CA
 Pompano Park, Pompano Beach, FL
 Prairie Meadows, Altoona, IA
 Retama Park, San Antonio, TX
 River Downs, Cincinnati, OH
 Ruidoso Downs, Ruidoso, NM
 Sam Houston Race Park, Houston, TX
 Saratoga Equine Sports Center, Saratoga Springs, NY
 Saratoga Race Course, Saratoga Springs, NY
 Scioto Downs, Columbus, OH
 Suffolk Downs, East Boston, MA
 Sunland Park, Sunland Park, NM
 Suburban Downs (Hawthorne Harness), Cicero, IL
 Turf Paradise, Phoenix, AZ
 Turfway Park, Florence, KY
 Yavapai Downs, Prescott, AZ

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:

Amtote International, Inc.
 11200 Pepper Road
 Hunt Valley, MD 21031-1324
 (410) 771-8700

Equibase Company LLC
821 Corporate Drive
Lexington KY 40503-2794
(859) 296-3079

Trackmaster, an Equibase Company
851 Fremont Ave. #109
Los Altos, CA 94024
(650) 947-9020

- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:

9. ADVERTISING

Name and address of the advertising agency you will use:

The Ballpark
1630 Stewart Street
Suite 110
Santa Monica, CA 90404

NOTICE – Pursuant to Rule 2072 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. CERTIFICATION

I hereby certify under penalty of perjury that I have examined this Application, that all of the foregoing statements in this Application are true and correct, and that I am authorized to attest to this Application.

John Hindman
Print Name

[Signature]
Signature

Vice President & General Counsel
Print Title

November 1, 2004
Date

**PARI-MUTUEL EMPLOYEES GUILD**OF CALIFORNIA
SEIU Local 280**LOCAL 280****SEIU**
Leading the WayRon J. Liccardo
PresidentJames Correll
Secretary-Treasurer**GENERAL OFFICE**
1838 E. Huntington Dr.
Duarte, CA 91010
(626) 301-7900**NORTHERN OFFICE**
P.O. Box 25146
San Mateo, CA 94402
(650) 558-8137Jack Gasco
Vice PresidentRichard D. Castro
Vice President

November 19, 2004

Roy Minami, Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Mr. Minami:

RE: OPPOSITION TO RE-LICENSE ADW OPERATORS

I'm sending this letter to be placed in the C.H.R.B. packet. I request this be on record, that Pari-Mutuel Employees Guild, Local 280 is and will remain in **OPPOSITION** until a provision is included to make it mandatory that live phone operators be utilized solely in California, as a condition if wagers are taken from California Race Tracks.

When we gave our support for this legislation, it was with the understanding that we would have live phone operators taking bets based in California. In addition, there was considerable discussion that the Hubs of these businesses should also be housed in California. Neither of these working environments have taken place to our satisfaction, thus the opposition position on this issue.

We understand that maybe the law needs to be changed to add more teeth to our position, which we are willing to actively support. We would accept a proposal if it could be demonstrated within a reasonable amount of time that these companies taking California Race Track wagers, would in fact adopt a policy to include full service live phone operators based in California.

If you feel to discuss this further, I can be reached at 626 301-7900, ext. 15

Fraternally,

Richard D. Castro
President, Local 280

STAFF ANALYSIS
December 2, 2004

ITEM-5

ISSUE: APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING (ADW) OF YOUTBET.COM, INC. (Youbet) JANUARY 1, 2005 THROUGH DECEMBER 31, 2006 AS A CALIFORNIA MULTI-JURISDICTIONAL WAGERING HUB.

APPLICATION FOR APPROVAL TO CONDUCT ADW OF YOUTBET JANUARY 1, 2005 THROUGH DECEMBER 31, 2006 AS AN OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB.

Youbet filed applications as a California multi-jurisdictional wagering hub and as an out-of-state multi-jurisdictional wagering hub to provide ADW:

- January 1, 2005 through December 31, 2006, 7 days a week, approximately 7:00 a.m. to 7:00 p.m. Pacific Time.
- Youbet will provide ADW services for the following:
 - Bay Meadows Racing Association (BMRA) at Bay Meadows Racecourse
 - California Authority of Racing Fairs (CARF)
 - Capitol Racing LLC (CAPITOL) at Cal Expo Race Course
 - Churchill Downs Incorporated at Hollywood Park
 - Del Mar Thoroughbred Club at Del Mar
 - Los Alamitos Racing Association at Los Alamitos Race Course
 - Los Angeles County Fair at Fairplex
 - Los Angeles Turf Club Incorporated (LATC) at Santa Anita Park
 - Oak Tree Racing Association at Santa Anita Park
 - Pacific Racing Association (PRA) at Golden Gate Fields

Items **still needed** to complete this application:

1. Horsemen's agreement for Thoroughbred Owners of California.
2. Horsemen's agreement for California Harness Horsemen's Association.
3. Host agreement for BMRA, CARF, CAPITOL, LATC and PRA.

RECOMMENDATION:

Staff recommends the Board approve the application for approval to conduct ADW of a California multi-jurisdictional wagering hub conditioned upon receiving the information necessary to complete the application.

Staff recommends the Board approve the application for license to conduct ADW of an out-of-state multi-jurisdictional wagering hub upon receiving the information necessary to complete the application.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING
CHRB-132 (New 9/01)

ITEM - 5A

Application is made to the CHRB for a license to conduct Advance Deposit Wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000.

1. APPLICANT

- A. ☐ Racing Association (Licensee) ☐ Racing Fair (Licensee)
☐ Betting System ☒ CA Multi-jurisdictional Wagering Hub (CA Hub)
- B. Name, mailing address, telephone and fax numbers:

Youbet.com, Inc.
5901 De Soto Avenue
Woodland Hills, California 91367
(818) 668-2100 Telephone
(818) 668-2101 Fax

- C. Names and titles of all management personnel:

David Marshall, Vice Chairman & Co-Founder, CHRB 277543
Charles Champion Chairman, President and Chief Executive Officer, CHRB 267111
Gary Sproule, Chief Financial Officer and Senior Vice President of Operations, CHRB 280946
Charles R. Bearchell, Chief Financial Officer, CHRB 283055
Michael Stark, Vice President, Engineering, CHRB 280947
Arcelia Padilla, Vice President of Human Resources and Administration, CHRB 267113

NOTICE – All management personnel must be CHRB licensed.

- D. Racing Fairs are not required to complete Section 3, Business Structure.

CHRB CERTIFICATION

Application received: 9/8/04
Reviewed: PN
Hearing date: 12/2/04

Approval date:
License number:

- E. Betting Systems and CA Hubs - attach the contract with the Licensee and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the Licensee for access to the California market for wagering purposes.

In May 2001 Youbet.com entered in to an agreement with Television Games Network ("TVG") that gave Youbet.com a license to utilize TVG's patents. The agreement can be found under **ATTACHMENT 1**. The systems, software and processes are owned and operated by Youbet.com. In addition to the license for the patents, the agreement grants Youbet.com a license to the right to video stream and accept online pari-mutuel wagers on horse racing from virtually all of TVG's exclusive partner racetracks. The California race tracks included under this agreement are as follows: Del Mar, Hollywood Park, Los Alamitos, Oak Tree at Santa Anita and Fairplex. The market access fees are defined in the TVG contract with the California racetracks and signed consents can be found under **ATTACHMENT 2**.

Recent ADW Approvals from the TOC can be found under **ATTACHMENT 3**.

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Simulcast Agreements with California Authority of Racing Fairs ("CARF") and Bay Meadows Operating Co. and Co-Marketing Access Agreement with CARF can be found under **ATTACHMENT 6**.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:

January 1, 2005 – December 31, 2006

- B. Hours Advance Deposit Wagering will be conducted:

The Youbet service is currently available 12 hours a day 7 days a week with hours of operation being approximately 7:00 a.m. – 7:00 p.m. PDT

3. BUSINESS STRUCTURE

- A. ☒ Corporation (complete subsection B)
☐ LLC (complete subsection C)
☐ Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation:

Youbet.com, Inc.

2. State where incorporated:

Delaware

3. Registry or file number for the corporation:

95-4627253 – Federal ID Number

4. Name of all officers and directors, titles, and number of shares of the corporation held by each:

Name	Title	# of Shares Owned
David M. Marshall	Vice Chairman, Co-Founder	1,897,887
Charles F. Champion	Chairman, President and Chief Executive Officer	1,477,500
James Edgar	Director	65,000
Gary Adelson	Director	43,750
Guy Chipparoni	Director	71,250
Joseph Barletta	Director	47,500
Gary Sproule	Chief Financial Officer and Executive Vice President of Operations	75,000

5. Names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:

ODS Technologies, LP dba TVG	5,008,794
Coghill Capital Management, L.L.C.	1,610,193

6. Number of outstanding shares in the corporation:

As of June 24, 2004, there were 30,625,890 shares of common stock outstanding.

7. Are the shares listed for public trading? ☒ Yes ☐ No
If yes, on what exchange and how is the stock listed:

Youbet.com, Inc. is listed on NASDAQ under the ticker symbol UBOT.

8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:

American Stock Transfer and Trust Company

9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:

N/A

10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

ATTACHMENT 7 2003 Annual Report (SEC Form 10K)

ATTACHMENT 8 Quarterly Report Ending June 30, 2004 (SEC Form 10Q)

11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

ATTACHMENT 9 Confidential Proprietary Information

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? ☐ Yes ☐ No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

D. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.
3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

4. ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2074.**A. List the procedures to establish an Account:**

An interested individual must complete several steps in order to become a Youbet.com subscriber and to open a wagering account. Youbet.com complies with the CHRB Rule 2075.

Verifying the customer's qualifications to become a subscriber is an integral part of the Youbet.com sign-up process. Youbet.com is concerned with two major issues; state of residence and age. To become a Youbet.com Network subscriber, an applicant must be a resident in one of the 39 jurisdictions (**ATTACHMENT 10**) in which Youbet.com provides service and must be 21 years old or older. Accounts may be established by phone, mail or the Youbet.com website. Youbet.com reserves the right to close or to refuse to open an account.

The account holder must provide the following information;

- Full legal name
- Principal place of residence
- Telephone number
- Social Security Number
- Proper identification or certification the account holder is at least 21 years of age

Youbet.com, using the verification services of Equifax Credit Reporting, validates the information provided by the account holder. This information will be subject to electronic verification through Equifax, and should a discrepancy be found during verification, the account holder will be contacted to provide satisfactory supporting documentation to establish identity and residence. After the validation process is complete a wager account is established and the customer is now permitted to fund the account. At that point, the applicant is considered a "subscriber" to the Youbet Express.

For more operational details see our Operation Plan as **ATTACHMENT 11**

B. If an application form is used to establish an Account attach a copy of the form.**ATTACHMENT 12**

- C. Name and address of the third party you will use to verify identity, residence and age verification:

Equifax Credit Information Systems, Inc.
P.O. Box 740006
Atlanta, GA 30374

5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.

ATTACHMENT 11

- B. List the type of deposits you will accept:

Credit card, electronic check, stored value, check, money order, wire transfer. See Operation Plan for detail of velocity limits and overall policies for depositing funds into a wagering account (ATTACHMENT 11).

- C. Identify any fees or transaction-related charges and the amount that will be assessed:

Certain customers are charged \$7.95 per month for up to ten hours of live video per month or \$14.95 for unlimited video per month.

Also, customers will be charged a service fee of \$2.50 for an account withdrawal in an amount equal to or less than \$25.00. The service fee will be automatically withdrawn from the subscriber's wagering account. If the subscriber's withdrawal is equal to or less than \$2.50, the amount of the withdrawal will be applied to the service fee.

6. SECURITY ACCESS

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:

Youbet.com uses the services from Equifax Credit Information Services, Inc.

The customer's Social Security number is used to search Equifax's consumer credit database. As a secondary search, the customer's driver's license number is used to search against a nationwide database. Together these searches provide Youbet with a match or no match indication. If a match is returned, Youbet verifies the customer is of a legal age and in a legal state. In addition, if a customer submits a post office box as an address, the customer is contacted for a residential address that is used to verify the customer's residential address. If the customer submits a second address but requests to use the post office box as the mailing address, Youbet stores the residential address as the address of record and the post office box as the mailing address. Further, both addresses must be in the same state.

Customers must supply the following information:

- First Name
- Last Name
- Residence Address
- Date of Birth
- Social Security Number

2. Description of the technology to ensure confidentiality of the Means of Personal Identification:

All sensitive data is stored in an encrypted state in Youbet's database. The data is only decrypted when used by internal secure applications. The customer's Social Security Number, Driver's License Number and password/PIN are encrypted and cannot be viewed by non-authorized Youbet personnel.

The following data is encrypted:

- Password
- Social Security Number
- Credit Card Numbers
- Checking Account Number

In addition these other steps are taken to insure security of the PIN:

- The customer's PIN must differ from their Handle or User ID
- The customer's PIN must be four (4) digits in length
- The customer's account is locked on the consecutive third unsuccessful attempt to log in. The customer must contact Youbet customer support and provide appropriate identification to have the account unlocked.
- If the customer forgets their password, they must supply their Handle/User ID, date of birth and registered email address to obtain the password.
- The password memory feature of Microsoft's operating system and browser are disabled for all Youbet products and web sites.

3. Methods and locations available for Account Holders to withdraw funds from their Account:

Youbet customers can request a withdrawal on-line or mail or fax a signed withdrawal slip to Youbet's office. A check in the amount of the withdrawal is mailed to the mailing address listed on file for the customer.

4. If the Advance Deposit Wagering records will be maintained at a site other than the applicants provide the name, address, telephone and fax numbers and the hours of operation:

All records are maintained at Youbet.com. The following entities also store certain information:

Youbet Oregon, Inc. – 19545 NW Von Neumann Drive, Suite 225, Beaverton, OR 97006,
Telephone: (503)748-3694, *Fax:* (503)748-3693
Youbet.com, Inc. – 5901 De Soto Avenue, Woodland Hills, CA 91367
Amtote International, Inc. – 11200 Pepper Road, Huntvalley, MD 21031, *Telephone:* (410)
771-8700, *Fax:* (410) 785-5273

Autotote – 750 Lexington Avenue, 25th Floor, New York, NY 10022, *Telephone:* (212) 754-2233, *Fax:* (212) 754-2372

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

BDO Seidman, 1900 Avenue of the Stars, 11th Floor, Los Angeles, CA 90067
Telephone: (310) 557-0300

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

Totalizer equipment: Amtote Spectrum System, term through June 30, 2009

Autotote Systems, Inc. d/b/a Scientific Games Racing ("SGR"), 5 year term from date Youbet initiates commercial processing of wagers through SGR System

Simulcast organization: Youbet ITSP is provided by Robertson Communication, term is currently month to month until new terms are finalized.

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

- | | |
|--------------------------------------|------------------------------|
| ♦ Australia | ♦ Harrington (DE) |
| ♦ Arapahoe Park (CO) | ♦ Hastings Park (BC) |
| ♦ Aqueduct (NY) | ♦ Hawthorne (IL) |
| ♦ Arlington (IL) | ♦ Hazel Park (MI) |
| ♦ Breeder's Cup | ♦ Hollywood Park (CA) |
| ♦ Bay Meadows (CA) | ♦ Hoosier Park (IN) |
| ♦ Belmont (NY) | ♦ Keeneland (KY) |
| ♦ Beulah Park (OH) | ♦ Kentucky Downs (KY) |
| ♦ Cal Expo (CA) | ♦ Lebanon (OH) |
| ♦ Calder (FL) | ♦ Longchamps Racecourse (FR) |
| ♦ California Authority of Fairs (CA) | ♦ Los Alamitos (CA) |
| ♦ Canterbury (MN) | ♦ Louisiana Downs (LA) |
| ♦ Churchill Downs (KY) | ♦ Indiana Downs (IN) |
| ♦ Charles Town | ♦ Meadowlands (NJ) |
| ♦ Colonial Downs (VA) | ♦ Mohawk (ON) |
| ♦ Delaware County Fair (OH) | ♦ Monmouth Park (NJ) |
| ♦ Delaware Park (DE) | ♦ Monticello (NY) |

- ◆ Del Mar (CA)
- ◆ Delta Downs (LA)
- ◆ Emerald Downs (WA)
- ◆ Dover Downs (DE)
- ◆ Ellis Park (KY)
- ◆ Elmira Raceway (ON)
- ◆ Evangeline Downs (LA)
- ◆ Fairplex (CA)
- ◆ Fort Erie (ON)
- ◆ Fraser Downs (BC)
- ◆ Freehold Raceway (NJ)
- ◆ Golden Gate Fields (CA)
- ◆ Ocean Downs (MD)
- ◆ River Downs (OH)
- ◆ Rockingham (NH)
- ◆ Rosecroft Raceway (MD)
- ◆ Ruidoso Downs (NM)
- ◆ Sam Houston (TX)
- ◆ Santa Anita Park (CA)
- ◆ Saratoga (NY)
- ◆ Scioto Downs (OH)
- ◆ Sportman's Park (IL)
- ◆ United Arab Emirates
- ◆ Raceway Park (OH)
- ◆ Hong Kong
- ◆ Mountaineer Park (WV)
- ◆ Northfield (OH)
- ◆ Northville (MI)
- ◆ Oaklawn (AR)
- ◆ Oak Tree @ Santa Anita (CA)
- ◆ Penn National (PA)
- ◆ Plainridge (MA)
- ◆ Pocono Downs (PA)
- ◆ Pompano Park (FL)
- ◆ Red Mile (KY)
- ◆ Retama Park (TX)
- ◆ Suffolk Downs (MA)
- ◆ Sunland (NM)
- ◆ Tampa Bay Downs (FL)
- ◆ The Meadows (PA)
- ◆ Turfway Park (KY)
- ◆ Turf Paradise (AZ)
- ◆ Western Fair (ON)
- ◆ Woodbine (ON)
- ◆ Windsor (ON)
- ◆ South Africa
- ◆ Prairie Meadows (IA)
- ◆ Timonium (MD)
- ◆ Vernon Downs (NY)

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:

Robertson Communications Network, Inc., 4175 Cameron Street, Suite B-10, Las Vegas, NV 89103

- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:

NOTICE – Pursuant to B&P Section 19604 (c) (1) you must contract with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

9. ADVERTISING

Name and address of the advertising agency you will use:

Youbet.com has an internal advertising group.


NOTICE – Pursuant to Rule 2071 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. CERTIFICATION

I hereby certify under penalty of perjury that I have examined this Application, that all of the foregoing statements in this Application are true and correct, and that I am authorized to attest to this Application.

Scott Solomon

Print Name


Signature

General Counsel

Print Title

9.7.04
Date

**PARI-MUTUEL EMPLOYEES GUILD**OF CALIFORNIA
SEIU Local 280**LOCAL 280****SEIU**
Leading the WayRon J. Liccardo
PresidentJames Correll
Secretary-Treasurer**GENERAL OFFICE**
1838 E. Huntington Dr.
Duarte, CA 91010
(626) 301-7900**NORTHERN OFFICE**
P.O. Box 25146
San Mateo, CA 94402
(650) 558-8137Jack Casolo
Vice PresidentRichard D. Castro
Vice President

November 19, 2004

Roy Minami, Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

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President, Local 280

Application is made to the CHRB for approval to conduct Advance Deposit Wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

NOTICE – By submitting the Application the out-of-state Applicant consents to the jurisdiction of California courts and the application of California law as to all California wagers and operations.

Application must be filed not later than 90 days in advance of the date scheduled to conduct Advance Deposit Wagering and must be accompanied by a bond from a surety company admitted in the state of California or other form of financial security in the amount of \$500,000.

1. OUT-OF-STATE MULTI-JURISDICTIONAL WAGERING HUB (out-of-state Hub)

A. Name, mailing address, telephone and fax numbers:

Youbet.com, Inc.
5901 De Soto Avenue
Woodland Hills, California 91367
(818) 668-2100 Telephone
(818) 668-2101 Fax

B. Name, title, license number and racing jurisdiction where licensed for all management personnel:

David Marshall, Vice Chairman & Co-Founder, CHRB 277543
Charles Champion Chairman, President and Chief Executive Officer, CHRB 267111
Gary Sproule, Chief Financial Officer and Senior Vice President of Operations, CHRB 280946
Charles R. Bearchell, Chief Financial Officer, CHRB 283055
Michael Stark, Vice President, Engineering, CHRB 280947
Arcelia Padilla, Vice President of Human Resources and Administration, CHRB 267113

C. Name, title and mailing address of the California agent for receipt of service of process:

Mr. David L. Ficksman, Attorney
Loeb & Loeb, LLP
10100 Santa Monica Blvd.
Suite 2200
Los Angeles, CA 90067-4164

CHRB CERTIFICATION

Application received: 9/8/04
Reviewed: PN

Hearing date: 12/2/04
Approval date:

- D. Attach the contract with the California racing association or fair and the required horsemen's approval under the Interstate Horseracing Act that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the California racing association or fair for access to the California market for wagering purposes.

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- A. ☒ Corporation (complete subsection B)
☐ LLC (complete subsection C)
☐ Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation:

Youbet.com, Inc.

2. State where incorporated:

Delaware

3. Registry or file number for the corporation:

95-4627253 – Federal ID Number

4. Name of all officers and directors, titles, and number of shares of the corporation held by each:

Name	Title	# of Shares Owned
David M. Marshall	Vice Chairman, Co-Founder	1,897,887
Charles F. Champion	Chairman, President and Chief Executive Officer	1,477,500
James Edgar	Director	65,000
Gary Adelson	Director	43,750
Guy Chipparoni	Director	71,250
Joseph Barletta	Director	47,500
Gary Sproule	Chief Financial Officer and Executive Vice President of Operations	75,000

5. Names (true names) of all persons, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:

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Coghill Capital Management, L.L.C.	1,610,193

6. Number of outstanding shares in the corporation:

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7. Are the shares listed for public trading? ☒ Yes ☐ No
If yes, on what exchange and how is the stock listed:

Youbet.com, Inc. is listed on NASDAQ under the ticker symbol UBOT.

8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation:

American Stock Transfer and Trust Company

9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:

N/A

10. Attach the most recent annual financial statement for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

ATTACHMENT 7 **2003 Annual Report (SEC Form 10K)**

ATTACHMENT 8 **Quarterly Report Ending June 30, 2004 (SEC Form 10Q)**

11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

ATTACHMENT 9 **Confidential Proprietary Information**

C. LLC

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, **other than the officers and directors listed above**, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? ☐ Yes ☐ No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual financial statement for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the corresponding state where you registered your corporation.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

D. OTHER

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.
3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the approval.

4. **ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS** – must comply with Rule 2074.

A. List the procedures to establish an Account:

An interested individual must complete several steps in order to become a Youbet.com subscriber and to open a wagering account. Youbet.com complies with the CHRB Rule 2075.

Verifying the customer's qualifications to become a subscriber is an integral part of the Youbet.com sign-up process. Youbet.com is concerned with two major issues; state of residence and age. To become a Youbet.com Network subscriber, an applicant must be a resident in one of the 39 jurisdictions (**ATTACHMENT 10**) in which Youbet.com provides service and must be 21 years old or older. Accounts may be established by phone, mail or the Youbet.com website. Youbet.com reserves the right to close or to refuse to open an account.

The account holder must provide the following information:

- Full legal name
- Principal place of residence
- Telephone number
- Social Security Number
- Proper identification or certification the account holder is at least 21 years of age

Youbet.com, using the verification services of Equifax Credit Reporting, validates the information provided by the account holder. This information will be subject to electronic verification through Equifax, and should a discrepancy be found during verification, the account holder will be contacted to provide satisfactory supporting documentation to establish identity and residence. After the validation process is complete a wager account is established and the customer is now permitted to fund the account. At that point, the applicant is considered a "subscriber" to the Youbet Express.

For more operational details see our Operation Plan as **ATTACHMENT 11**

B. If an application form is used to establish an Account attach a copy of the form.

ATTACHMENT 12

- C. Name and address of the third party you will use to verify identity, residence and age verification:

Equifax Credit Information Systems, Inc.
P.O. Box 740006
Atlanta, GA 30374

5. OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.

See ATTACHMENT 11

- B. List the type of deposits you will accept:

Credit card, electronic check, stored value, check, money order, wire transfer. See Operation Plan for detail of velocity limits and overall policies for depositing funds into a wagering account (ATTACHMENT 11).

- C. Identify any fees or transaction-related charges and the amount that will be assessed:

Certain customers are charged \$7.95 per month for up to ten hours of live video per month or \$14.95 for unlimited video per month.

Also, customers will be charged a service fee of \$2.50 for an account withdrawal in an amount equal to or less than \$25.00. The service fee will be automatically withdrawn from the subscriber's wagering account. If the subscriber's withdrawal is equal to or less than \$2.50, the amount of the withdrawal will be applied to the service fee.

6. SECURITY ACCESS

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

1. Description of the technology to ensure identity, residence, and age verification when an Account is established:

Youbet.com uses the services from Equifax Credit Information Services, Inc.

The customer's Social Security number is used to search Equifax's consumer credit database. As a secondary search, the customer's driver's license number is used to search against a nationwide database. Together these searches provide Youbet with a match or no match indication. If a match is returned, Youbet verifies the customer is of a legal age and in a legal state. In addition, if a customer submits a post office box as an address, the customer is contacted for a residential address that is used to verify the customer's residential address. If the customer submits a second address but requests to use the post office box as the mailing address, Youbet stores the residential address as the address of record and the post office box as the mailing address. Further, both addresses must be in the same state.

Customers must supply the following information:

- First Name
- Last Name
- Residence Address
- Date of Birth
- Social Security Number

2. Description of the technology to ensure confidentiality of the Means of Personal Identification:

All sensitive data is stored in an encrypted state in Youbet's database. The data is only decrypted when used by internal secure applications. The customer's Social Security Number, Driver's License Number and password/PIN are encrypted and cannot be viewed by non-authorized Youbet personnel.

The following data is encrypted:

- Password
- Social Security Number
- Credit Card Numbers
- Checking Account Number

In addition these other steps are taken to insure security of the PIN:

- The customer's PIN must differ from their Handle or User ID
- The customer's PIN must be four (4) digits in length
- The customer's account is locked on the consecutive third unsuccessful attempt to log in. The customer must contact Youbet customer support and provide appropriate identification to have the account unlocked.
- If the customer forgets their password, they must supply their Handle/User ID, date of birth and registered email address to obtain the password.
- The password memory feature of Microsoft's operating system and browser are disabled for all Youbet products and web sites.

3. Methods and locations available for Account Holders to withdraw funds from their Account:

Youbet customers can request a withdrawal on-line or mail or fax a signed withdrawal slip to Youbet's office. A check in the amount of the withdrawal is mailed to the mailing address listed on file for the customer.

4. If the Advance Deposit Wagering records will be maintained at a site other than the applicants provide the name, address, telephone and fax numbers and the hours of operation:

All records are maintained at Youbet.com. The following entities also store certain information:

Youbet Oregon, Inc. – 19545 NW Von Neumann Drive, Suite 225, Beaverton, OR 97006,
Telephone: (503)748-3694, Fax: (503)748-3693
Youbet.com, Inc. – 5901 De Soto Avenue, Woodland Hills, CA 91367

Amtote International, Inc. – 11200 Pepper Road, Huntvalley, MD 21031, *Telephone:* (410) 771-8700, *Fax:* (410) 785-5273
 Autotote – 750 Lexington Avenue, 25th Floor, New York, NY 10022, *Telephone:* (212) 754-2233, *Fax:* (212) 754-2372

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

BDO Seidman, 1900 Avenue of the Stars, 11th Floor, Los Angeles, CA 90067
Telephone: (310) 557-0300

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

Totalizer equipment: Amtote Spectrum System, term through June 30, 2009

Autotote Systems, Inc. d/b/a Scientific Games Racing (“SGR”), 5 year term from date Youbet initiates commercial processing of wagers through SGR System

Simulcast organization: Youbet ITSP is provided by Robertson Communication, term is currently month to month until new terms are finalized.

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:

- | | |
|--------------------------------------|------------------------------|
| ♦ Australia | ♦ Harrington (DE) |
| ♦ Arapahoe Park (CO) | ♦ Hastings Park (BC) |
| ♦ Aqueduct (NY) | ♦ Hawthorne (IL) |
| ♦ Arlington (IL) | ♦ Hazel Park (MI) |
| ♦ Breeder’s Cup | ♦ Hollywood Park (CA) |
| ♦ Bay Meadows (CA) | ♦ Hoosier Park (IN) |
| ♦ Belmont (NY) | ♦ Keeneland (KY) |
| ♦ Beulah Park (OH) | ♦ Kentucky Downs (KY) |
| ♦ Cal Expo (CA) | ♦ Lebanon (OH) |
| ♦ Calder (FL) | ♦ Longchamps Racecourse (FR) |
| ♦ California Authority of Fairs (CA) | ♦ Los Alamitos (CA) |
| ♦ Canterbury (MN) | ♦ Louisiana Downs (LA) |
| ♦ Churchill Downs (KY) | ♦ Indiana Downs (IN) |
| ♦ Charles Town | ♦ Meadowlands (NJ) |
| ♦ Colonial Downs (VA) | ♦ Mohawk (ON) |

- ♦ Delaware County Fair (OH)
- ♦ Delaware Park (DE)
- ♦ Del Mar (CA)
- ♦ Delta Downs (LA)
- ♦ Emerald Downs (WA)
- ♦ Dover Downs (DE)
- ♦ Ellis Park (KY)
- ♦ Elmira Raceway (ON)
- ♦ Evangeline Downs (LA)
- ♦ Fairplex (CA)
- ♦ Fort Erie (ON)
- ♦ Fraser Downs (BC)
- ♦ Freehold Raceway (NJ)
- ♦ Golden Gate Fields (CA)
- ♦ Ocean Downs (MD)
- ♦ River Downs (OH)
- ♦ Rockingham (NH)
- ♦ Rosecroft Raceway (MD)
- ♦ Ruidoso Downs (NM)
- ♦ Sam Houston (TX)
- ♦ Santa Anita Park (CA)
- ♦ Saratoga (NY)
- ♦ Scioto Downs (OH)
- ♦ Sportman's Park (IL)
- ♦ United Arab Emirates
- ♦ Raceway Park (OH)
- ♦ Hong Kong
- ♦ Monmouth Park (NJ)
- ♦ Monticello (NY)
- ♦ Mountaineer Park (WV)
- ♦ Northfield (OH)
- ♦ Northville (MI)
- ♦ Oaklawn (AR)
- ♦ Oak Tree @ Santa Anita (CA)
- ♦ Penn National (PA)
- ♦ Plainridge (MA)
- ♦ Pocono Downs (PA)
- ♦ Pompano Park (FL)
- ♦ Red Mile (KY)
- ♦ Retama Park (TX)
- ♦ Suffolk Downs (MA)
- ♦ Sunland (NM)
- ♦ Tampa Bay Downs (FL)
- ♦ The Meadows (PA)
- ♦ Turfway Park (KY)
- ♦ Turf Paradise (AZ)
- ♦ Western Fair (ON)
- ♦ Woodbine (ON)
- ♦ Windsor (ON)
- ♦ South Africa
- ♦ Prairie Meadows (IA)
- ♦ Timonium (MD)
- ♦ Vernon Downs (NY)

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

- A. List name and address of all organizations you will contract with to facilitate Advance Deposit Wagering that are not provided in other sections of this application:

Robertson Communications Network, Inc., 4175 Cameron Street, Suite B-10, Las Vegas, NV 89103

- B. List each contract or agreement to facilitate Advance Deposit Wagering that is not finalized and signed:

9. ADVERTISING

Name and address of the advertising agency you will use:

Youbet.com has an internal advertising group.


NOTICE – Pursuant to Rule 2072 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. CERTIFICATION

I hereby certify under penalty of perjury that I have examined this Application, that all of the foregoing statements in this Application are true and correct, and that I am authorized to attest to this Application.

Scott Solomon

Print Name


Signature

General Counsel

Print Title

9.7.04
Date



PARI-MUTUEL EMPLOYEES GUILD

OF CALIFORNIA
SEIU Local 280

LOCAL 280

SEIU
Leading the Way

Ron J. Liccardo
President

James Correll
Secretary-Treasurer

GENERAL OFFICE
1838 E. Huntington Dr.
Duarte, CA 91010
(626) 301-7900

NORTHERN OFFICE
P.O. Box 25146
San Mateo, CA 94402
(650) 558-8137

Jack Gasco
Vice President

Richard D. Castro
Vice President

November 19, 2004

Roy Minami, Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Mr. Minami:

RE: OPPOSITION TO RE-LICENSE ADW OPERATORS

I'm sending this letter to be placed in the C.H.R.B. packet. I request this be on record, that Pari-Mutuel Employees Guild, Local 280 is and will remain in **OPPOSITION** until a provision is included to make it mandatory that live phone operators be utilized solely in California, as a condition if wagers are taken from California Race Tracks.

When we gave our support for this legislation, it was with the understanding that we would have live phone operators taking bets based in California. In addition, there was considerable discussion that the Hubs of these businesses should also be housed in California. Neither of these working environments have taken place to our satisfaction, thus the opposition position on this issue.

We understand that maybe the law needs to be changed to add more teeth to our position, which we are willing to actively support. We would accept a proposal if it could be demonstrated within a reasonable amount of time that these companies taking California Race Track wagers, would in fact adopt a policy to include full service live phone operators based in California.

If you feel to discuss this further, I can be reached at 626 301-7900, ext. 15

Fraternally,

Richard D. Castro
President, Local 280

STAFF ANALYSIS
December 2, 2004

ISSUE: APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING FOR XPRESSBET, INC., (XpressBet) JANUARY 1, 2005 THROUGH DECEMBER 31, 2006.

XpressBet filed its application as a California multi-jurisdictional wagering hub to provide Advance Deposit Wagering:

- January 1, 2005 through December 31, 2006, during all times races are run which could be up to twenty-four hours a day.
- XpressBet will provide advance deposit wagering services for the following:
 - Bay Meadows Racing Association at Bay Meadows Racecourse
 - California Authority of Racing Fairs (CARF)
 - Capitol Racing LLC at Cal Expo
 - Los Angeles Turf Club Incorporated at Santa Anita Park
 - Pacific Racing Association at Golden Gate Fields

Items **still needed** to complete this application:

1. Horsemen's agreement for Thoroughbred Owners of California.
2. Horsemen's agreement for California Harness Horsemen's Association.

RECOMMENDATION:

Staff recommends the Board approve the application conditioned upon receiving the information necessary to complete the application.

**STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD (CHRB)
APPLICATION FOR LICENSE TO CONDUCT ADVANCE DEPOSIT WAGERING**

Application is made to the CHRB for a license to conduct advance deposit wagering in accordance with the California Business and Professions (B&P) Code and CHRB Rules and Regulations (Rule) and comply with the provisions of the Interstate Horseracing Act, 15 U.S.C. 3001 to 3007.

Application must be filed not later than 90 days in advance of the date scheduled to conduct advance deposit wagering and must be accompanied by a bond or other form of financial security in the amount of \$500,000.

1. APPLICANT

- A. Racing Association (Licensee) Racing Fair (Licensee)
 Betting System X CA Multi-jurisdictional Wagering Hub (CA hub)

- B. Name, mailing address, telephone and fax numbers:

**XpressBet, Inc.
200 Race Track Road
Washington, PA 15301
Telephone: (724) 229-6981
Facsimile: (724) 250-4884**

- C. Names and titles of all management personnel:

Jim McAlpine	- Chief Executive Officer
Ron Luniewski	- President
Blake Tohana	- Executive Vice-President and Chief Financial Officer
Don Amos	- Executive Vice-President and Chief Operating Officer
Gary Cohn	- Vice-President and Secretary
Mary Lyn Seymour	- Controller

NOTICE – All management personnel must be CHRB licensed.

- D. Racing Fairs are not required to complete Section 3; Business Structure.
- E. Betting systems and CA Hubs – attach the contract with the Licensee and the required horsemen's approval under the Interstate Horseracing Act¹ that permits you to provide Advance Deposit Wagering services and identify the amount of the market access fee to be paid to the Licensee for access to the California market for wagering purposes.

Attached as Exhibit 1 are (i) the proposed contract to be entered into with each of the following Licensees for the following periods, and (ii) an undertaking from Applicant to distribute the market access fee in respect of all remaining periods of the calendar year.

CHRB CERTIFICATION

Application received: 10/22/04
Reviewed: PN
Hearing Date: 12/2/04

Approved date:
License number:

<u>Race Track</u>	<u>Licensee</u>	<u>2005 Racing Schedule²</u> (actual calendar dates)
Santa Anita Park	Los Angeles Turf Club, Incorporated	December 26, 2004 – April 18, 2005; September 28, 2005 – November 6, 2005
Bay Meadows Racecourse	TBD	February 2, 2005 – May 8, 2005; September 3, 2005 – October 16, 2005
Golden Gate Fields	Pacific Racing Association	December 26, 2004 – January 30, 2005; May 11, 2005 – June 19, 2005; October 19, 2005 – December 19, 2005
California Expo	Capital Racing	January 7, 2005 – July 30, 2005
Stockton	San Joaquin Fair	June 15, 2005 – June 26, 2005
Pleasanton	Alameda County Fair	June 29, 2005 – July 10, 2005
Vallejo	Solano County Fair	July 13, 2005 – July 25, 2005
Santa Rosa	Sonoma County Fair	July 27, 2005 – August 8, 2005
Bay Meadows Racecourse	San Mateo Fair	August 10, 2005 – August 22, 2005
Sacramento Fairgrounds	California Exposition & Fair	August 24, 2005 – September 5, 2005

¹Prior to offering or accepting a wager on a race conducted outside of California from a California resident, Applicant shall use its best efforts to secure the consent required by the Interstate Horseracing Act (the "IHA") of the horsemen's association at the track where the race is conducted (the "Host Track"). It should be noted that under the IHA, the Host Track has the obligation to secure such consent. If the Host Track is located outside of California and affiliated with Applicant, the requisite consent shall be filed with the CHRB prior to any wager being offered or accepted on a race from that track.

2. DATES OF OPERATION

- A. Dates Advance Deposit Wagering will be conducted:
January 1 to December 31, inclusive
- B. Hours Advance Deposit Wagering will be conducted:
While races are run, up to twenty-four (24) hours per day

3. BUSINESS STRUCTURE

- A. ☒ Corporation (complete subsection B)
☐ LLC (complete subsection C)
☐ Other (specify, and complete subsection D)

Complete the applicable subsection

B. CORPORATION

1. Registered name of the corporation: **XpressBet, Inc.**
2. State where incorporated: **Delaware**
3. Registry or file number for the corporation: **3373240**
4. Name of all officers and directors, titles, and number of shares of the corporation held by each;

<u>Name</u>	<u>Title</u>	<u>Number of Shares Owned</u>
Frank Stronach	Director	None
Jim McAlpine	Director, Chief Executive Officer	None
Ron Luniewski	President	None
Blake Tohana	Director, Executive Vice-President and Chief Financial Officer	None
Donald M. Amos	Executive Vice-President and Chief Operating Officer	None
Gary Cohn	Vice-President and Secretary	None
Mary Lyn Seymour	Controller	None

5. Names (true names) of all entities and persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:

Magna Entertainment Corp. – 100 Shares

6. Number of outstanding shares in the corporation: **100 common shares**

7. Are the shares listed for public trading? Yes No **X**
If yes, on what exchange and how is the stock listed:

Note that Magna Entertainment Corp.'s Class A Subordinate Voting Stock is traded on the Nasdaq National Market under the symbol "MECA" and on the Toronto Stock Exchange under the symbol "MEC.A".

8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: **Not applicable**

9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity: **Magna Entertainment Corp.**

10. Attach the most recent annual audited financial statements for the corporation, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission.

Magna Entertainment Corp. reports its financial results on a consolidated basis and therefore separate financials of the Applicant are not available. Attached as Exhibit 2 for your review are the 2003 audited annual financial statements and the unaudited six-month financial statements for the period ending June 30, 2004 of the Applicant's parent, Magna Entertainment Corp.

11. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

As per discussions with the CHRB, the XpressBet business plan for 2005 and 2006 is being provided under separate cover and shall remain confidential at all times to the CHRB.

C. **LLC Not Applicable**

1. Registered name of the LLC:
2. State where articles of organization are filed:
3. Registry or file number for the LLC:
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each:
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? ☐ Yes ☐ No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
8. Attach the most recent annual audited financial statements for the LLC, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the California Corporations Commission.
9. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

D. **OTHER Not Applicable**

1. Name(s) of partners/sole proprietor:
2. If a partnership, attach partnership agreement.
3. Attach a business plan to include a detailed budget that shows anticipated revenue, expenditures and cash flow by month projected for the term of the license.

4. **ESTABLISHING ADVANCE DEPOSIT WAGERING ACCOUNTS** – must comply with Rule 2074.

- A. List the procedures to establish an Account:
Included in the attached Exhibit 3, Plan of Operation, is the Applicant's Account Opening Procedures.
- B. If an application form is used to establish an Account, attach a copy of the form.
Attached as Exhibit 4 is a copy of the application form. Similar forms are used for on-site or in-person applications.
- C. Name and address of the third party you will use to confirm identity, residence and age verification:
In respect of wagers placed through the Applicant's internet and telephone account wagering products, the Applicant will utilize the services of Equifax Information Services LLC to provide identity, residence and age verification services. The address of Equifax Information Services LLC is set forth below:

**Equifax Information Services LLC
1550 Peachtree N.W.
Atlanta, Georgia 30348**

Attached hereto as Exhibit 5 is information about Equifax and a copy of its most recent Form 10-K as filed with the United States Securities and Exchange Commission.

In respect of wagers placed through the Applicant's Horse Wizard TM simplified wagering machines (the "SWMs"), the Applicant will not conduct a third party verification of identification for users of the Applicant's SWMs located at Santa Anita and Golden Gate Fields. As previously stated in the Applicant's amendment to its 2004 ADW license, which the CHRB approved on September 15, 2004, the Applicant respectfully submits that no third party verification of user identification is necessary with respect to the SWMs because all wagers placed through the SWMs will be treated as wagers made by a resident of the jurisdiction where the track offering the SWMs is located.

5. **OPERATION OF ADVANCE DEPOSIT WAGERING ACCOUNTS** – must comply with Rule 2073.

- A. Submit a copy of your plan for operation.
Attached as Exhibit 3 is Applicant's *Plan of Operation*.

- B. List the type of deposits you will accept:
In respect of internet and telephone account wagering, the Applicant will accept the following types of deposits: cash deposits made directly, personal checks, cashier's checks, money orders made directly or mailed, debits to an Account Holder's credit card or debit card, and wire and other electronic transfers from a monetary account controlled by Account Holder.

In respect of accounts opened in connection with wagers placed through the Applicant's SWMs, the Applicant will accept cash, cashiers checks, money orders and any other certified forms of funds for deposit in person at Santa Anita or Golden Gate Fields. Personal checks, wire transfers and credit cards may not be used for deposits to SWM accounts.

- C. Identify any fees or transaction-related charges and the amount that will be assessed:
For purposes of internet and telephone account wagering, customers will not be charged a monthly membership or wagering fee or a per call or wager transaction fee. However, customers may be charged a value added transaction fee of \$0.25 per telephone call when dealing with a live teller. Processing fees may be charged in respect of deposits made pursuant to Item 5B above, via credit card cash advance or wire transfers.

To the extent credit cards are used/permitted to be used in connection with internet and telephone account wagering, processing fees for credit card cash advances will be no greater than 6%. High value customers may not be subject to credit card cash advance processing fees.

A wire transfer of less than \$250.00 is subject to a \$5 processing fee. A wire transfer of greater than \$250.00 is not subject to any charge.

Customers requesting special delivery (e.g. courier) may be charged the cost of those services.

None of the aforementioned fees and/or charges will be charged in respect of accounts opened in connection with wagers placed through the Applicant's SWMs because none of the services set forth above will be offered for funding an account opened in connection with wagering through the Applicant's SWMs.

As the distribution platforms evolve and future enhancements deliver increased functionality to customers, monthly fees or surcharges may be implemented for added value services.

6. SECURITY ACCESS

- A. Attach your security access policy and safeguards pursuant to B&P Section 19604 (c) (2). Policy must include the following:

Please refer to Exhibit 6 for Items 1 – 4.

1. Description of the technology to ensure identity, residence, and age verification when an Account is established.
2. Description of the technology to ensure confidentiality of the Means of Personal Identification.
3. Methods and locations available for Account Holders to withdraw funds from their Account.
4. If the Account Deposit Wagering records will be maintained at a site other than the applicant's, provide the name, address, telephone and fax numbers and the hours of operation.

7. PARI-MUTUEL

- A. Name, address and telephone number of the pari-mutuel audit firm:

Bowen & McBeth
10722 Arrow Route, Suite 110
Rancho Cucamonga, California 91730
Telephone: 909-944-6465
Facsimile: 909-980-4788

- B. Type(s) of pari-mutuel or totalizator equipment to be used and the simulcast organization, name of the entity supplying equipment, and expiration date of the service contract:

- (i) Types of pari-mutuel or totalizator equipment to be used.
Totalizator equipment and services will be provided to Applicant by Autotote Systems, Inc. and AmTote International Inc. In addition to standard totalizator equipment and services, Applicant will be utilizing (a) IVR – “interactive voice response technology” (an automated touch-tone betting system), (b) on-line computer wagering technology (provided by Trackplay, LLC (a subsidiary of Autotote Systems, Inc.)), (c) IVR – natural language voice recognition system (provided by VeCommerce Limited), (d) Tiny-Tim personal wagering devices (provided by Autotote Systems, Inc.) and (e) Horse

Wizard™ self-service account wagering devices (provided by Magna Entertainment Corp.) described in Applicant's letter to the CHRB dated August 25, 2004 and located at Santa Anita and Golden Gate Fields.

Applicant currently has two agreements with VeCommerce. The Support Agreement has an expiry date of April 15, 2007. The System Supply and Service Agreement is dependent on the Support Agreement and also has a termination date of April 15, 2007.

Applicant is currently operating under a Letter of Intent with Amtote International, Inc. The final agreement has not yet been executed, but the termination date of the agreement will be December 31, 2007.

Applicant has executed an agreement with Magna Entertainment Corp. for Horse Wizard™ with an expiration date of December 31, 2006.

- (ii) Simulcast Organization
Autotote Systems, Inc., Roberts Communications Network, Inc., and Amtote International, Inc.**
- (iii) Name of entity supplying equipment, and expiration date of the service contract.
Equipment to be supplied by:**

**Scientific Game Corporation
Autotote Systems, Inc.
1500 Bluegrass Lakes Park
Alpharetta, GA 30004**

**Magna Entertainment Corp.
337 Magna Drive
Aurora, ON L4G 7K1
Canada**

Applicant and Autotote Systems, Inc. (Trackplay II) have executed a binding long-form tote services and technology license and maintenance contract which expires December 31, 2005.

**VeCommerce Limited
2 Apollo Place
Lane Cove NSW 2066
Australia**

**Amtote International, Inc.
11200 Pepper Road
Hunt Valley, MD 21031-1324**

- C. List the locations of the racing venues on which Advance Deposit Wagering will be accepted:**

Attached as Exhibit 7 is the list of racing venues from which the Applicant currently intends to accept Advance Deposit Wagering. We will update you as racing venues are confirmed or added.

NOTICE – The pari-mutuel system used must use a device or combination of devices authorized and operated exclusively for placing, receiving, or otherwise making a wager and by which a person must subscribe to in order to place, receive or otherwise make a wager; an effective customer and age verification system and the appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is under the age of 18.

8. CONTRACTS AND AGREEMENTS

List name and address of all organizations you contracted with to facilitate Advance Deposit Wagering:

**Scientific Games Corporation
c/o Autotote Systems, Inc.
1500 Bluegrass Lakes Park
Alpharetta, GA 30004**

**VeCommerce Limited
2 Appolo Place
Lane Cove NSW 2066
Australia**

**Trackplay, LLC
c/o Autotote Systems, Inc.
1500 Bluegrass Lakes Park
Alpharetta, GA 30004**

**Amtote International, Inc.
11200 Pepper Road
Hunt Valley, MD 21031-1324**

**Magna Entertainment Corp. (supplier of SWMs)
337 Magna Drive
Aurora, ON L4G 7K1
Canada**

NOTICE – Pursuant to B&P Section 19604 (c) (1) you must contract with the bona fide labor organization that has historically represented the same or similar classifications of employees at the nearest horse racing meeting.

California XpressBet Center representatives and SWM tellers are currently members of the Pari-Mutuel Employees Guild – SEIU Local 280.

9. **ADVERTISING**

Name and address of the advertising agency you will use:

Candelaria Advertising
1545 Idlewood Rd.
Glendale, California 91202

Red Tettemer
1 South Broad Street, 24th Floor
The Avenue of the Arts
Philadelphia, PA 19107

NOTICE – Pursuant to Rule 2071 (h) all advertisements shall contain a statement that persons under 18 are not allowed to open or have access to Accounts. All advertisements shall contain contact information for a recognized problem-gambling support organization. Additionally, pursuant to B&P Section 19604 (D) (3) advertisements shall not be deceptive to the public.

10. **DECLARATIONS**

All contracts and agreements necessary have been signed except (if no exceptions, so state):

No definitive contracts or agreements have yet been signed with respect to the Licensee and the required horsemen's approval under the Interstate Horseracing Act. We will update you as contracts are signed.

11. **CERTIFICATION**

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized to attest to this application.

Ron Luniewski

Print Name:

President

Print Title:



Signature:

11-19-04

Date:



PARI-MUTUEL EMPLOYEES GUILD

OF CALIFORNIA
SEIU Local 280

LOCAL 280

SEIU
Leading the Way

Ron J. Liccardo
President

James Correll
Secretary-Treasurer

GENERAL OFFICE
1838 E. Huntington Dr.
Duarte, CA 91010
(626) 301-7900

NORTHERN OFFICE
P.O. Box 25146
San Mateo, CA 94402
(650) 558-8137

Jack Gasco
Vice President

Richard D. Castro
Vice President

November 19, 2004

Roy Minami, Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Mr. Minami:

RE: OPPOSITION TO RE-LICENSE ADW OPERATORS

I'm sending this letter to be placed in the C.H.R.B. packet. I request this be on record, that Pari-Mutuel Employees Guild, Local 280 is and will remain in **OPPOSITION** until a provision is included to make it mandatory that live phone operators be utilized solely in California, as a condition if wagers are taken from California Race Tracks.

When we gave our support for this legislation, it was with the understanding that we would have live phone operators taking bets based in California. In addition, there was considerable discussion that the Hubs of these businesses should also be housed in California. Neither of these working environments have taken place to our satisfaction, thus the opposition position on this issue.

We understand that maybe the law needs to be changed to add more teeth to our position, which we are willing to actively support. We would accept a proposal if it could be demonstrated within a reasonable amount of time that these companies taking California Race Track wagers, would in fact adopt a policy to include full service live phone operators based in California.

If you feel to discuss this further, I can be reached at 626 301-7900, ext. 15

Fraternally,

Richard D. Castro
President, Local 280

ITEM - 7

STAFF ANALYSIS

December 2, 2004

Issue: APPLICATION FOR AUTHORIZATION TO OPERATE A SIMULCAST WAGERING FACILITY OF BAY MEADOWS RACING ASSOCIATION AT BAY MEADOWS RACECOURSE.

Bay Meadows Racing Association will operate as a simulcast wagering facility on all days that pari-mutual wagering is conducted by a licensed California meet.

Specific information **still needed** to complete this application includes:

1. Fire clearance.
2. Worker's compensation insurance.

RECOMMENDATION:

Staff recommends the Board hear from the interested parties.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
APPLICATION FOR AUTHORIZATION TO OPERATE A SIMULCAST WAGERING FACILITY
CHRB-25 (Rev. 4/92)

Application is hereby made to the California Horse Racing Board (CHRB) for authorization to operate a simulcast wagering facility in accordance with the California Business and Professions Code (B&P), Chapter 4, Division 8 (Horse Racing Law) and the California Code of Regulations, Title 4, Division 4 (CHRB Rules and Regulations).

Name of applicant association, fair, or tribal facility: Bay Meadows Racing Association

Location of facility (City and County): Bay Meadows Racecourse,
San Mateo (City and County)

Mailing address of association, fair, or tribal facility: 1200 Park Place
San Mateo, CA 94403

Telephone number: (650) 524-1237

Name and title of the managing officer or tribal council representative of the applicant association, fair, or tribal facility:

F. Jack Liebau, President

Name of the affiliated (simulcast) organization(s) that will operate the pari-mutuel wagering at the facility:

Northern California Off-Track Wagering, Inc. ("NCOTWINC")

The regular schedule for operation of the facility will be as follows:

All days on which pari-mutuel wagering is conducted by a licensed California meet

Inclusive date during which the applicant proposes to operate as a simulcast wagering facility during the current racing year:

All days on which pari-mutuel wagering is conducted by a licensed California meet between January 1, 2005 and December 24, 2005.

Application must be filed not later than 90 days before the scheduled start date for operation of the proposed facility pursuant to CHRB Rule 2057.

CHRB CERTIFICATION

Application filed on: 11/3/04 *FB*

Reviewed by: *FB*

Date of Hearing: 12/02/04

Approved on:

License number issued:

Date tribal compact approved:

OPERATION OF THE SIMULCAST WAGERING FACILITY

Inclusive hours for operation of the facility:

☐ Daily ☒ Wed - Sun ☐ Tues - Sat ☐ Other - specify:

Inclusive time periods during the calendar year the facility **will not** be utilized as a simulcast wagering facility: None

Exceptions to the foregoing: None

If approved, wagering will be offered on live race meetings being held or conducted by the following racing associations:

RACE MEETING**BREED****DAY OR NIGHT**

All California race meets approved to conduct pari-mutuel wagering

Dates during which the applicant will conduct or has conducted live horse racing during the current racing year (if none, so state):

2005 Bay Meadows Racing Association live dates: 2/02 through 5/08, 9/03 through 10/16.

2005 San Mateo County Fair live dates: 8/10 through 8/22

ELIGIBILITY FOR APPROVAL AS A GUEST ASSOCIATION

The applicant association is: ☒ Racing Association ☐ Fair
 ☐ Tribal Facility ☐ Other Business Entity

COMPLETE THE APPLICABLE SUBSECTION:

RACING ASSOCIATION - approval pursuant to B&P Section 19605.

The name under which the association is licensed by the Board: Bay Meadows Racing Association

The names and titles of management personnel assigned to the facility:

F. Jack Liebau – President
 Bernie Thurman – Vice President and General Manager, Administration
 Michael Ziegler – Vice President and General Manager, Operations
 Charlene Kiley – Vice President and Chief Financial Officer
 Michael Scalzo – Vice President Operations
 Dyan Grealish – Vice President and Director of Group Sales
 Daniel Newman – Controller
 Joe Fernando – Director of Food and Beverage and Community Development
 Kay Webb – Simulcast Coordinator
 Jim Fetter – Director of Video Operations

FAIR

Approval is requested pursuant to B&P Section ☐ 19605.1 OR ☐ 19605.2.

Correct title of the fair or fair association:

Names and titles of the present fair directors:

Names and titles of management personnel assigned to the simulcast wagering facility:

TRIBAL FACILITY

Approval is requested pursuant to the Tribal-State Compact signed on _____.

The name of the tribe under which the Tribal-State Compact was approved:

Names and titles of management personnel assigned to the facility:

If applicable, names and titles of management personnel comprising management company or other entity operating gaming and simulcast wagering at the facility:

Has the management company or other entity been approved by the U. S. Bureau of Indian Affairs?
☐ Yes ☐ No If yes, the date of that approval _____.

NOTICE TO APPLICANT Changes to management personnel and Simulcast Facility Supervisor(s) must be immediately reported to the Board.

CONCESSIONAIRES AND VENDORS

The concessionaires, vendors, and other entities providing food service, beverage service, racing selection services, janitorial or custodial service, or other service or supplies within the simulcast wagering facility are (specify the name and type of service or supplies):

Lisa Wasserman/Jack's Blue Card	127 Sun Avenue	Hayward, CA 94544
Loomis Armored Car	P. O. Box 44196	San Francisco, CA 94104

Trackside Catering, LLC, an entity owned by BMRA, will provide food & beverage service.
Janitorial services supplied "in house"

Other vendors to be permitted to sell products or services outside, but on the premises of, the simulcast wagering facility are: n/a

SUPERVISION, SECURITY AND FIRE PREVENTION

The names of all persons to be employed as a Simulcast Facility Supervisor at the simulcast wagering facility:

James Nielsen

The workers' compensation insurance carrier and the policy number securing the applicant's liability for payment of workers' compensation is (if self-insured, give details):

Attach a copy of the Certificate of Insurance. To be submitted

Attach a fire clearance from the fire authority having jurisdiction. To be submitted

The name of the person having responsibility for security controls at the facility is:

Michael Scalzo, Vice President

The number of security officers and/or guards to be regularly employed at the facility is:

8 frontside (day) guards, 4 stable gate guards, 3 barn guards, 2 fire guards, 2 night guards

The police or sheriff's department having jurisdiction for criminal law enforcement over the premises of the facility is:

San Mateo Police Department

Specify the name, address and telephone number of the emergency ambulance service the applicant will utilize in event of illness or injury at the facility:

Bayshore Ambulance
P. O. Box 4622
Foster City, CA 94404
(650) 525-9700

Does the applicant propose to have emergency medical care available at the facility:

☒ Yes

☐ No

If yes, describe: EMT Fireguards

EQUIPMENT PROVIDED BY THE GUEST ASSOCIATION

Describe the television equipment (simulcast receivers, decoders, controls, monitors, etc.) to be utilized at the facility:

3 Wineguard satellite dishes, 11 satellite decoders, 4 Quintech LS satellite splitters, used to split each satellite signal into 16 outputs, 3 satellite receivers, 18 control room monitors, 444 TV monitors in GA & Clubhouse public areas.

Describe the public address equipment (controls, microphones, speakers, etc.) to be utilized at the facility:

Each section of the racetrack has its own public address system fed from a common source in the TV department. The speakers are generally located to match the locations of clusters of TV sets, with overall sound balance. There are 11 public address amplifiers and 109 public address speakers.

Attach a detailed scale plan of the facility indicating all points of access, emergency exits, and the placement of offices and food and beverage service locations. Attached

PARI-MUTUEL EQUIPMENT AND WAGERING SERVICES

Describe the pari-mutuel equipment, odds displays, modems or muxes, and method of data transmission to be utilized (include the number of pari-mutuel terminals to be on-site):

Pari-mutuel equipment is provided by Scientific Games Racing System, using alpha processors which are hubbed at Bay Meadows, along with probe, Sam, Stan and SIC terminals. Odds displays during intertrack wagering time frames consist of four SGR VGS graphics units. Serial data link ("SDL") feed is also provided to the Bay Meadows video center. Frame relay equipment (telecommunications) for California intertrack sites is provided by CHRIMS. Out of state locations are connected to the California network via the Nasrin frame relay network. Data transfer to intertrack sites consists of a proprietary protocol over serial ports, while data transfer to other tracks utilizes ITSP version 5.18.

Will the applicant be responsible for maintenance of the pari-mutuel equipment?

☐ Yes ☒ No Equipment is maintained by Scientific Games staff members.

Describe the method by which patron complaints regarding wagering operation and/or the facility or its employees may be filed:

The mutuel information window located on the mainline will receive, document, research and resolve patron complaints. Any complaints which cannot be handled at the information window level will be forwarded to the applicable host mutuel department for resolution.

Has the applicant made arrangements to provide for the encashment of valid pari-mutuel tickets issued at other facilities or at California race meetings?

☒ Yes ☐ No

The Scientific Games system provides for cross-cashing between California network sites

ADMISSIONS, CHARGES AND SERVICE FEES

The admissions charges are:	Level 1 (Gen. Adm.)	\$3.00
	Level 2 (Premium CH)	\$6.00
	Level 3 (Membership)	\$100 for Pegasus Room (Annual Membership)

Parking Charges are:	Level 1 (General)	\$3.00
	Level 2 (Premium)	\$4.00
	Level 3 (Valet)	

Program costs are: Determined by the host association

Seating costs, if any, are: n/a

FOOD AND BEVERAGE SERVICE

Describe the food and beverage services to be offered (full meals served; cafeteria-style full meals; short-order counter service; pre-ordered prepared sandwiches and fast foods available; full bar services; barn counters; or other description as appropriate):

Concessions/short-order counter service & full bar service provided by Trackside Catering, LLC, utilizing Local 2 staff members.

The seating capacity in the general admission area is: 5,450

The number of tables in the general admission area is: 385

The seating capacity in the premium area is: 1,500

The number of tables in the premium area is: 270

Overall square footage in the public general admission area is: 184,900

Overall square footage in the public premium admission area is: 18,980

Overall square footage available for "overflow" attendance: 33,500

Describe occupancy restrictions, if any, imposed by the fire authority having jurisdiction:

Ziggy's Sports Bar - 80

The total number of parking spaces available in the combined parking areas can accommodate (number of standard sized automobiles): 6,035

Describe any other activities to be scheduled on or near the facility premises that may have a negative impact on available parking: Aware of none at this time.

AGREEMENTS

Fair applicants must attach the resolution of its governing body that determined that the conduct of simulcast wagering at its fair facility best serves the interest of the fair.

Attach a copy of the agreement between the applicant and the (simulcast) organizations(s) that sets forth therein the duties of the respective parties.

Attach a copy of the written consent of the horsemen's organization(s), if applicable, consenting to the acceptance of wagers at the facility.

NOTICES TO APPLICANT

Notice is given to the applicant that its application, if approved by the Board, authorizes the applicant to offer pari-mutuel wagering at its simulcast facility until notified otherwise.

Notice is also given that retention of and control over all moneys generated from pari-mutuel wagering held or conducted at the facility is the responsibility of the (simulcast organization(s) which contract(s) to provide the pari-mutuel equipment and pari-mutuel employees; and that such organization(s) is (are) responsible for its proper distribution in accordance with the law and the rules and regulation of the Board.

Notice is also given that CHRB Rules 1870 and 1871 require that the Board be given 15 days notice in writing of any intention to terminate operations, engagements, or services by any licensee, approved concessionaire, or approved service contractor.

DECLARATIONS

All labor agreements, concession contracts, service contracts, horsemen's agreement, lease agreements and agreement with the (simulcast organization(s) necessary to conduct and operate the simulcast wagering program at the facility have been finalized except as follows (if there are no exceptions, so state): The HERE, Local 2 contract expires 12/31/04.

All service contractors and concessionaires have valid State, County or City licenses authorizing each to engage in the type of service to be provided and have valid labor agreements (when applicable) which remain in effect for the entire term of the approval except as follows (if there are no exceptions, so state): No exceptions

Absent natural disasters or causes beyond the control of the applicant, its service contractors, concessionaires or employees engaged at the facility, no reasons are believed to exist that may result in a stoppage to the conduct of pari-mutuel wagering at the facility or the withholding of any vital service to the applicant except as follows (if there are no exceptions, so state): No exceptions

By authority of Article 9.2, of the California B&P Code; and the Federal Indian Gaming Act; in order to allow an evaluation of the competence, integrity, and character of potential simulcast facility operators authorized by the CHRB, any person, corporation, trust association, partnership, joint venture, or management firm who submits an application for such authorization or who is named in such application and who is not a State or County entity, or has not previously completed such disclosure when filing for a horseracing application pursuant to Article 4, Section 19480 of the California B&P Code shall be required to complete and submit a full disclosure statement.

CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant to attest to this application on its behalf.

Michael Ziegler Bernie Thurman
Print Name

Michael Ziegler BT
Signature

Vice President - GM-Operations UP/GM-Admin
Print Title

11/2/04 11/2/04
Date

**PRESIDENT**

JENINE SAHADI

November 18, 2004

1ST VICE PRESIDENT

HOWARD ZUCKER

2ND VICE PRESIDENT

JAMES M. HILLING

SECRETARY / TREASURER

BARRY ABRAMS

VIA FAX (916) 263-6042**PRESIDENT EMERITUS**

NOBLE THREEWITT

BOARD OF DIRECTORS

BARRY ABRAMS
JEFFREY BONDE
JAMES HILLING
LEIGH ANN HOWARD
PHILIP OVIEDO
ED MOGER, JR.
JENINE SAHADI
DANNY VELASQUEZ
HOWARD ZUCKER

California Horse Racing Board
1010 Hurley Way, Suite #300
Sacramento, CA 95825

Dear Commissioners:

EXECUTIVE STAFF

EDWARD I. HALPERN
Executive Director
& General Counsel

CHARLES E. DOUGHERTY, JR.
Deputy Director

ANGIE CARMONA
Deputy Director

We support the approval of the license application of the Bay Meadows Racing Association ("BMRA") to conduct a thoroughbred meet commencing February 2, 2005, and the approval of its application to operate a satellite wagering facility on a year-round basis.

It is important for BMRA to be licensed to operate a satellite wagering facility in order to assure the continued operation of Bay Meadows Racetrack as a racing venue in Northern California. We believe that the continued existence of the Bay Meadows racetrack is of extreme importance to the continued viability of thoroughbred racing in Northern California.

Very truly yours,

EDWARD I. HALPERN
Executive Director & General Counsel

EIH:ac

SO. CALIFORNIA - MAIN OFFICE
Santa Anita Racetrack
285 W. Huntington Drive
Arcadia, CA 91007
P.O. Box 660039
Arcadia, CA 91066-0039
(626) 447-2145
(626) 446-0270 FAX
E-Mail: caltrns@pacbell.net

NO. CALIFORNIA - FIELD OFFICE
Bay Meadows Racetrack
P.O. Box 5050
San Mateo, CA 94402
(650) 345-1646
(650) 345-8862 FAX
E-Mail: nocactl@aol.com

STAFF ANALYSIS
December 2, 2004

Issue: APPLICATION FOR AUTHORIZATION TO OPERATE A SIMULCAST WAGERING FACILITY OF SAN MATEO COUNTY EXPOSITION AND FAIR ASSOCIATION AT THE SAN MATEO COUNTY EXPO CENTER.

San Mateo County Exposition and Fair Association will operate as a simulcast wagering facility on all days that simulcasting is conducted in Northern California with the exception of the days Bay Meadows is conducting their live race meetings.

Specific information **still needed** to complete this application includes:

1. Approval of the Department of Food and Agriculture pursuant to Section 19605.1 of the B&P Code.
2. Resolution of the Fair's governing body.
3. Fire clearance and description of any occupancy restrictions.
4. Simulcast agreement.
5. Detailed scale plan of the facility.
6. Number of security officers and/or guards to be regularly employed.
7. Name of the entity to provide audio and visual equipment.
8. Name of the entity to provide pari-mutuel equipment and who will be responsible for maintenance of the equipment.
9. Name of person(s) to be employed as Simulcast Facility Supervisor.

RECOMMENDATION:

Staff recommends the Board hear from the interested parties.

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
APPLICATION FOR AUTHORIZATION TO OPERATE A SIMULCAST WAGERING FACILITY
CHRB-25 (Rev. 4/92)

Application is hereby made to the California Horse Racing Board (CHRB) for authorization to operate a simulcast wagering facility in accordance with the California Business and Professions Code (B&P), Chapter 4, Division 8 (Horse Racing Law) and the California Code of Regulations, Title 4, Division 4 (CHRB Rules and Regulations).

Name of applicant association, fair, or tribal facility:

**San Mateo County Exposition and Fair Association
2495 South Delaware Street
San Mateo, CA 94403**

Location of facility (City and County): **City of San Mateo, County of San Mateo**

Mailing address of association, fair, or tribal facility:

**P.O. Box 1027
2495 South Delaware Street
San Mateo, CA 94403**

Telephone number: **650-574-3891**

Name and title of the managing officer or tribal council representative of the applicant association, fair, or tribal facility:

Chris A. Carpenter, General Manager-San Mateo County Exposition & Fair Assn.

Name of the affiliated (simulcast) organization(s) that will operate the pari-mutuel wagering at the facility: **Northern California Off Track Wagering**

The regular schedule for operation of the facility will be as follows:

Facility will be operated every day that simulcasting is conducted in Northern CA; with the exception of the days that Bay Meadows operates their live race meets.

Inclusive date during which the applicant proposes to operate as a simulcast wagering facility during the current racing year:

Will begin operations in January 1, 2005 through January 30, 2005 at which time the Bay Meadows Spring meeting will commence . The operation of the simulcast wagering facility will recommence in May at the conclusion of Bay Meadows Spring Race Meeting. Will operate thereafter during all dates which Bay Meadows is not conducting their live race meets.

Application must be filed not later than 90 days before the scheduled start date for operation of the proposed facility pursuant to CHRB Rule 2057.

CHRB CERTIFICATION

Application filed on: **11/19/04**
Reviewed by: **PN**
Date of Hearing: **12/02/04**

Approved on:
License number issued:
Date tribal compact approved:

OPERATION OF THE SIMULCAST WAGERING FACILITY

Inclusive hours for operation of the facility:

☒ Daily ☐ Wed - Sun ☐ Tues - Sat ☐ Other - specify:

Inclusive time periods during the calendar year the facility **will not** be utilized as a simulcast wagering facility: **During the Bay Meadows Live Race Date Meetings**

Exceptions to the foregoing:

If approved, wagering will be offered on live race meetings being held or conducted by the following racing associations:

RACE MEETING

CARF Racing Fairs
Capitol Racing
Los Alamitos
Hollywood Park
Golden Gate Fields
LA County Fair
Del Mar
Santa Anita

BREED

Any licensed
Thoroughbred,
Quarterhorse, Harness
or emerging breed.

DAY OR NIGHT

Facility will open for day
and night simulcasting
during the calendar period
it is open for operation
(ie; when Bay Meadows
is not conducting Live
Race Meet)

Dates during which the applicant will conduct or has conducted live horse racing during the current racing year (if none, so state):

The San Mateo County Exposition & Fair Assn. is licensed to conduct a live race meet and satellite wagering; during Fair Dates in August each year.

ELIGIBILITY FOR APPROVAL AS A GUEST ASSOCIATION

The applicant association is: ☐ Racing Association ☒ Fair
 ☐ Tribal Facility ☐ Other Business Entity

COMPLETE THE APPLICABLE SUBSECTION:

RACING ASSOCIATION - approval pursuant to B&P Section 19605.

The name under which the association is licensed by the Board:

The names and titles of management personnel assigned to the facility:

FAIR

Approval is requested pursuant to B&P Section ☐ 19605.1 OR ☒ 19605.2.

Correct title of the fair or fair association: **San Mateo County Exposition & Fair Assn.**

Names and titles of the present fair directors:

Mr. Anthony Clifford, President

Mr. Jack Olsen, Vice President

Ms. Melanie Hildebrand, Secretary Treasurer
Ms. Carole Conroy, Director
Ms. Marcy Saunders, Director
Mr. Mark Norris, Director
Mr. Steve Karp, Director
Mr. John Zirelli, Director
Mr. Peter Chartz, Director
Mr. Larry Buckmaster

Names and titles of management personnel assigned to the simulcast wagering facility:

Mr. Chris A. Carpenter, General Manager—San Mateo County Exposition & Fair Assn.
Satellite Supervisor - TBD

TRIBAL FACILITY

Approval is requested pursuant to the Tribal-State Compact signed on _____.

The name of the tribe under which the Tribal-State Compact was approved:

Names and titles of management personnel assigned to the facility:

If applicable, names and titles of management personnel comprising management company or other entity operating gaming and simulcast wagering at the facility:

Has the management company or other entity been approved by the U. S. Bureau of Indian Affairs?

☐ Yes

☐ No

If yes, the date of that approval _____.

NOTICE TO APPLICANT Changes to management personnel and Simulcast Facility Supervisor(s) must be immediately reported to the Board.

CONCESSIONAIRES AND VENDORS

The concessionaires, vendors, and other entities providing food service, beverage service, racing selection services, janitorial or custodial service, or other service or supplies within the simulcast wagering facility are (specify the name and type of service of supplies):

Food Service, beverage service, racing selection services, janitorial or custodial service –
Operated by San Mateo County Exposition & Fair Assn.

Other vendors to be permitted to sell products or services outside, but on the premises of, the simulcast wagering facility are:

SUPERVISION, SECURITY AND FIRE PREVENTION

The names of all persons to be employed as a Simulcast Facility Supervisor at the simulcast wagering facility:

The San Mateo County Exposition & Fair Assn. is in negotiations for the operation of the satellite wagering facility with one or more entities, including the licensed personnel to do so, that have been previously licensed by the CHRB to conduct simulcast wagering. Once the negotiations conclude, applicant will provide this information to the CHRB.

The workers' compensation insurance carrier and the policy number securing the applicant's liability for payment of workers' compensation is (if self-insured, give details): **Calif. Fairs Services Authority**

Attach a copy of the Certificate of Insurance.

Attach a fire clearance from the fire authority having jurisdiction.

**Facility shall be developed beginning in January 2005 (40,000 square foot sprung structure.
Facility shall receive and maintain full fire clearance.**

The name of the person having responsibility for security controls at the facility is:

Chris A. Carpenter, General Manager – San Mateo County Exposition & Fair Assn.

The number of security officers and/or guards to be regularly employed at the facility is:

The San Mateo County Exposition & Fair Assn. is in negotiations for the operation of the satellite wagering facility with one or more entities, including the security of the facility and other licensed personnel as required by the board, that have been previously licensed by the CHRB to conduct simulcast wagering. Once the negotiations conclude, applicant will provide this information to the CHRB.

The police or sheriff's department having jurisdiction for criminal law enforcement over the premises of the facility is:

San Mateo Police Department (located three blocks from Satellite Facility)

San Mateo County Sheriff Department

Specify the name, address and telephone number of the emergency ambulance service the applicant will utilize in event of illness or injury at the facility:

American Medical Response

San Mateo Fire Department

San Mateo, CA 94403

650-652-5300

Does the applicant propose to have emergency medical care available at the facility:

☐ Yes

☒ No

If yes, describe:

EQUIPMENT PROVIDED BY THE GUEST ASSOCIATION

Describe the television equipment (simulcast receivers, decoders, controls, monitors, etc.) to be utilized at the facility:

Head-end, including routers, modulators, amplifiers and receivers, sufficient to furnish all available signals to viewing patrons.

Not less than 4 Satellite Antennas

The San Mateo County Exposition & Fair Assn. is in negotiations for the operation of the satellite wagering facility with one or more entities, including those whom will provide state-of-the-art audio and visual equipment, allowing for a first class satellite simulcast wagering facility. Once the negotiations conclude, applicant will provide more detailed information to the CHRB.

California Fair Services Authority

P.O. Box 15518, Sacramento, CA 95852

tel 916.921.2212 fax 916.289.8159

www.cfsa.org

November 18, 2004

To: California Horse Racing Board
 Attn: Pat Noble
 1010 Hurley Way, Suite 300
 Sacramento, CA 95825

Re: San Mateo County Exposition & Fair Association
 2495 Delaware Street
 San Mateo, CA 94403

Please be advised that the San Mateo County Exposition & Fair Association is a member of the California Fair Services Authority (CFSFA), and participates in the following self-insurance and loss pooling programs which are administered by CFSFA:

I. COMPREHENSIVE GENERAL LIABILITY PROGRAM

Limit \$10 million CSL per occurrence
 Coverage continuous until cancelled

II. WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY

- A. Primary Coverage \$500,000 self-insured retention California Fair Services Authority
 Coverage continuous until cancelled
- B. Excess Coverage (a) Workers' Compensation: \$50,000,000 in excess of \$500,000
 (b) Employers' Liability: \$10,000,000 in excess of \$500,000
 Coverage provided by California Public Entity Insurance Authority
 Term: 07/01/2004 to 07/01/2005

CFSFA represents to the California Horse Racing Board that within the above limits, terms and provisions of the coverage stated, to the extent provided by law, CFSFA will provide defense, payment, and indemnification on loss funding in accordance with the terms of the contractual assumption of the San Mateo County Exposition & Fair Association as set forth in California Horse Racing Board's "Insurance Requirements".

You will be given at least thirty (30) days notice of any change in the foregoing information. We trust that this commitment will satisfy your insurance requirements.

Please feel free to contact this office on all matters including possible claims.

Sincerely,



Lianne Lawellen
 Risk Analyst

A Joint Powers Authority comprised of the State of California, Department of Food & Agriculture, the counties of Humboldt, Lassen, Nevada, Mendocino, Monterey, Placer, Plumas, San Benito, San Joaquin, San Mateo, Santa Clara and Trinity, and the California Exposition and State Fair.

Describe the public address equipment (controls, microphones, speakers, etc.) to be utilized at the facility:

Microphone, amplifiers, mixers and speakers configured for satisfactory replay of racing audio and announcements.

The San Mateo County Exposition & Fair Assn. is in negotiations for the operation of the satellite wagering facility with one or more entities, including those whom will provide state-of-the-art audio and visual equipment, allowing for a first class satellite simulcast wagering facility. Once the negotiations conclude, applicant will provide more detailed information to the CHRB.

Attach a detailed scale plan of the facility indicating all points of access, emergency exits, and the placement of offices and food and beverage service locations.

Plans forthcoming

PARI-MUTUEL EQUIPMENT AND WAGERING SERVICES

Describe the pari-mutuel equipment, odds displays, modems or muxes, and method of data transmission to be utilized (include the number of pari-mutuel terminals to be on-site):

Totalisator equipment furnished by Autotote under contract with NOTWINC. Telecommunications equipment furnished by Autotote and/or CHRIMS telecommunications network managed by CHRIMS; furnished by various telecommunications providers (SBC, ATT, etc.)

The San Mateo County Exposition & Fair Assn. is in negotiations for the operation of the satellite wagering facility with one or more entities. Including those whom will provide state-of-the-art pari-mutuel equipment, odds displays, modems or muxes and method of data transmission systems, allowing for a first class satellite simulcast wagering facility. Once the negotiations conclude, applicant will provide more detailed information to the CHRB.

Will the applicant be responsible for maintenance of the pari-mutuel equipment?

☐ Yes ☒ No

Describe the method by which patron complaints regarding wagering operation and/or the facility or its employees may be filed:

Complaint forms will be available in facility supervisor's office. Facility Supervisor will consult with Pari-mutuel staff regarding complaints, concerns or problems.

Has the applicant made arrangements to provide for the encashment of valid pari-mutuel tickets issued at other facilities or at California race meetings?

☒ Yes ☐ No

ADMISSIONS, CHARGES AND SERVICE FEES

The admissions charges are:	Level 1 (Gen. Adm.)	\$4.00
	Level 2 (Premium CH)	\$7.00
	Level 3 (Membership)	N/A

Parking Charges are:	Level 1 (General)	No Charge
	Level 2 (Premium)	\$5.00
	Level 3 (Valet)	N/A

Program costs are: **\$2.00 (Price set by host track)**

Seating costs, if any, are: **N/A**

FOOD AND BEVERAGE SERVICE

Describe the food and beverage services to be offered (full meals served; cafeteria-style full meals; short-order counter service; pre-ordered prepared sandwiches and fast foods available; full bar services; barn counters; or other description as appropriate):

Short order counter service, full bar services and pre-ordered prepared sandwiches and fast foods available. Catering services available for special events.

The seating capacity in the general admission area is: **1,500 + (Approximate)**

The number of tables in the general admission area is: **180 + (Approximate)**

The seating capacity in the premium area is: **220 + (Approximate)**

The number of tables in the premium area is: **30 + (Approximate)**

Overall square footage in the public general admission area is: **27,500 square feet (Approximate)**

Overall square footage in the public premium admission area is: **5,000 square feet (Approximate)**

Overall square footage available for "overflow" attendance: **2,500 square feet (Approximate)**

Describe occupancy restrictions, if any, imposed by the fire authority having jurisdiction: **TBD**

The total number of parking spaces available in the combined parking areas can accommodate (number of standard sized automobiles):

800 Spaces (Fair grounds offers 4,000 total parking spaces)

Describe any other activities to be scheduled on or near the facility premises that may have a negative impact on available parking: **None**

AGREEMENTS

Fair applicants must attach the resolution of its governing body that determined that the conduct of simulcast wagering at its fair facility best serves the interest of the fair.

Resolution shall be submitted

Attach a copy of the agreement between the applicant and the (simulcast) organizations(s) that sets forth therein the duties of the respective parties.

Agreement with NOTWINC pending approval of license for application to conduct satellite wagering.

Attach a copy of the written consent of the horsemen's organization(s), if applicable, consenting to the acceptance of wagers at the facility.

NOTICES TO APPLICANT

Notice is given to the applicant that its application, if approved by the Board, authorizes the applicant to offer pari-mutuel wagering at its simulcast facility until notified otherwise.

Notice is also given that retention of and control over all moneys generated from pari-mutuel wagering held or conducted at the facility is the responsibility of the (simulcast organization(s) which contract(s) to provide the pari-mutuel equipment and pari-mutuel employees; and that such organization(s) is (are) responsible for its proper distribution in accordance with the law and the rules and regulation of the Board.

Notice is also given that CHRB Rules 1870 and 1871 require that the Board be given 15 days notice in writing of any intention to terminate operations, engagements, or services by any licensee, approved concessionaire, or approved service contractor.

DECLARATIONS

All labor agreements, concession contracts, service contracts, horsemen's agreement, lease agreements and agreement with the (simulcast organization(s) necessary to conduct and operate the simulcast wagering program at the facility have been finalized except as follows (if there are no exceptions, so state):

Any of the above requirements and requested information will be provided and resolved to the satisfaction of the CHRB upon the conclusion of the negotiations with the simulcast operator.

All service contractors and concessionaires have valid State, County or City licenses authorizing each to engage in the type of service to be provided and have valid labor agreements (when applicable) which remain in effect for the entire term of the approval except as follows (if there are no exceptions, so state): **No Exceptions**

Absent natural disasters or causes beyond the control of the applicant, its service contractors, concessionaires or employees engaged at the facility, no reasons are believed to exist that may result in a stoppage to the conduct of pari-mutuel wagering at the facility or the withholding of any vital service to the applicant except as follows (if there are no exceptions, so state): **No Exceptions**

By authority of Article 9.2, of the California B&P Code; and the Federal Indian Gaming Act; in order to allow an evaluation of the competence, integrity, and character of potential simulcast facility operators authorized by the CHRB, any person, corporation, trust association, partnership, joint venture, or management firm who submits an application for such authorization or who is named in such application and who is not a State or County entity, or has not previously completed such

disclosure when filing for a horseracing application pursuant to Article 4, Section 19480 of the California B&P Code shall be required to complete and submit a full disclosure statement.

CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the applicant to attest to this application on its behalf.

CHRIS A. CARPENTER
Print Name


Signature

GENERAL MANAGER 11/17/07
Print Title Date

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ITEM-9

October 27, 2004

Roy Minami
Acting Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, Ca. 95825

Dear Roy:

We respectfully request that Santa Anita Park be granted CHRB approval to adopt the 10-day veterinarian list rule for our upcoming 2004-2005 Santa Anita race meeting.

Thank you for your consideration.

Sincerely,

Michael J. Harlow
Director of Racing

MJH/nw

CL: GEORGE HAINES

Los Angeles Turf Club, Inc.

285 W. Huntington Drive, P.O. Box 60014, Arcadia, CA 91066-6014 (626) 574-7223 Fax (626) 446-9565

CALIFORNIA HORSE RACING BOARD



ITEM 10

Memorandum**Date** : November 9, 2004**To** : CHRB Commissioners**From** : Roy Minami
Assistant Executive Director**Subject** : UPDATE ON RACETRACK SECURITY AND TCO2 TESTING

This is to bring you up to date on improvements in the security programs at racetracks and the status of the proposed regulation for TCO2 testing.

The California Horse Racing Board and horse-racing industry have jointly made considerable progress in the area of stable area security during the last year, largely through the efforts of the Ad Hoc Security Committee that was formed last December, through steps taken by some of the racing associations, and through the generosity of Commissioner William Bianco and the Oak Tree Racing Association, who initially funded a survey that determined the improper use of alkaline substances in thoroughbred horse racing by measuring total carbon dioxide (TCO2) levels in blood samples taken from horses just before they raced.

TCO2 TESTING AND THE PROPOSED REGULATION

This initial CHRB-sponsored survey and subsequent evaluations made by racing associations suggested there was some administration of bicarbonate and/or other alkaline substances, commonly known as "milkshakes," in apparent attempts to enhance the performances of horses in racing competition. The intent of this practice is for alkaline substances to neutralize the lactic acid produced during intense exercise. Lactic acid causes muscle fatigue, so in theory, neutralizing lactic acid improves endurance.

Based on a level of 39 millimoles per liter of serum or plasma, the number of positive tests among a random survey of 600 horses during the first six months of the year at thoroughbred racetracks in Northern and Southern California represented about 1 percent of the samples collected. The number increased when the Del Mar Thoroughbred Club continued the testing on its own – reportedly reaching 10 percent at the start of the Del Mar meet at the level of 39 millimoles. The number of positives at Del Mar was even higher than 10 percent using the level of 37 millimoles, as is recommended in some jurisdictions. From a small sampling of horses racing at the short Fairplex meet, the number was 3 or 4 percent at 37/39 millimoles. The number went back down to less than 1 percent at the Oak Tree meet, even at 37 millimoles.

1010 Hurley Way, Suite 300, Sacramento, CA 95825**Phone: (916) 263-6000 □ FAX: (916) 263-6042**

Even one positive is too many. The CHRB adopted this tough view by authorizing for public notice in September a regulation specifically banning the administration of alkalizing agents and establishing a maximum TCO₂ level of 37 millimoles in blood serum or plasma. I apologize for not pushing this matter more quickly, although there was a roadblock to the proposed regulation, as it is in conflict with Section 19577 (Split Sample) of the Business and Professions Code. We are in the process of dealing with that roadblock by working with others to have the statute amended.

Meanwhile, the proposed regulation is ready for public notice and will be published by the Office of Administrative Law (OAL) on November 19. The public will have 45 days to comment on the proposed regulation. The Board could conduct a public hearing and approve the regulation in January 2005. The approved regulation would then go OAL for review, and then to the Secretary of State. These reviews by other state agencies typically add 30 to 60 days to the process. However, we will make this an emergency regulation, which would make it effective 10 days after submission to OAL. But no matter how quickly we move the regulation, it cannot take effect until the law is changed. We can go through our regulatory process, but OAL has informed us that the statute change would need to be completed before they would accept and approve the regulation.

Some wonder why we need a new regulation at all, given that other regulations already address unauthorized substances. CHRB regulations do prohibit the administration of any substance within 48 hours of a race except for specifically authorized substances. These authorized substances include an approved bleeder medication, a non-steroidal anti-inflammatory drug, an approved anti-ulcer medication, injectable vitamins, electrolyte solutions, amino acid solutions, and a tetanus antitoxin if a horse has sustained a wound.

Milkshakes (increased amounts alkalizing substances) are not among the authorized substances, so their administration would be a violation of CHRB rules and state law. However, carbon dioxide is natural to the horse, so without catching someone in the act of administering a milkshake within 48 hours of a race, the mere detection of any carbon dioxide in equine samples would not in itself indicate wrongdoing. The new regulation will permit us to differentiate between what is natural to the horse and what is the result of an alkalizing substance being administered to the horse, by measuring the amount of TCO₂. A level of 37 millimoles or higher would indicate an excessive amount of an alkalizing substance had been administered.

Statute 19577 currently requires that a duplicate be taken of all blood and urine samples from horses for the purpose of split sample testing. The statute specifically grants licensees the right to have the split samples tested if the first sample shows a prohibited substance or even a therapeutic medication with a level exceeding established thresholds. But TCO₂ testing does not lend itself to split sample testing because of the rapid dissipation of carbon dioxide from the blood samples. Even experts do not agree on how quickly this dissipation occurs, but 96 hours would seem to be the outside limit.

There does not appear to be a way to test the original sample, notify the owner or trainer of the horse, and then have the split sample tested within 96 hours. We have discussed numerous alternatives but have found none that would clearly allow the CHRB to enforce the regulation and still meet the provisions of the statute. Therefore, in order to implement the proposed regulation, the statute would need to be amended to exempt TCO₂ testing from the split sample requirement. Staff met with Derry Knight, our counsel in the Attorney General's Office, and came to an agreement on language that would amend the statute by exempting TCO₂ testing. I asked Sherwood Chillingworth, executive vice president of Oak Tree, to help arrange for an author to sponsor a bill to amend the statute. He referred me to their lobbying firm and I spoke with Anthony Gonsalves. I sent him the proposed amendment language, and he will secure an author. With an urgency provision, he estimated that if everything were to go smoothly, we could complete this matter by March or April. We also have added language that deems this an emergency for purposes of the Administrative Procedures Act. This would allow us to submit the proposed emergency regulation to OAL immediately after the governor signs any amendment to Statute 19577. It would become effective 10 days later.

In the interim, TCO2 testing is continuing at Hollywood Park, which like Oak Tree, is administering the test as part of its stall allocation process. It will also continue when the Santa Anita meet starts December 26. There are drawbacks to this voluntary program in that racing associations are somewhat limited in the actions they may take against offenders, so it is important that the CHRB implement a regulation as soon as the law allows, but the testing by racing associations is a reasonable stop-gap measure. Such a testing protocol has been a standard in the harness industry in California for many years and is handled completely by the racing associations and the horsemen.

SECURITY

The Ad Hoc Security Committee has met eight times since its creation last December. Commissioner Bianco and former Commissioner Roger Licht have been active on that committee. Initially the committee considered detention barns as a way to improve the public perception of horse racing and to provide the desired level of security. However, some horsemen and racing associations considered this proposal impractical and one that might have unintended negative impacts on performance. As an alternative, the committee explored the use of camera surveillance systems in the stable area. After months of review and considerable expense (e.g. the Del Mar Thoroughbred Club spent more than \$100,000 on its camera experiment), the consensus was that cameras were not the immediate solution we seek, principally because of cost issues.

Del Mar and Oak Tree provided new direction for the committee and the industry when those associations financed continued TCO2 testing and assigned security guards to the stalls of all horses entered in graded stakes. And with additional funding from the Thoroughbred Owners of California (TOC), those guards were equipped with hand-held cameras to record activities in those stalls. Oak Tree expanded on these additional security measures by reassigning two of the regular security staff fulltime to the stable area to monitor horses entered to run. Additionally, on days when there were no graded stakes, Oak Tree agreed to provide guards for a race selected randomly by the stewards. As with the case of graded stakes, those guards took positions at the stalls of the entered horses six hours prior to post and recorded activities with the hand-held cameras. And to better monitor the comings and goings of licensees in the stable area during non-work hours, the guards at the stable gates entered the names and CHRB license numbers of individuals entering and leaving the stable area between 8:30 p.m. and 4 a.m. Another proposal for the guards to check the lip tattoos of horses moving in and out of the stable area to verify their identities was never implemented because of safety concerns. The guards at security gates are not trained or qualified to enter a confined space of a horse in transit and lift the lip to check the tattoo.

Hollywood Park has implemented the same security enhancements during the fall meet. I personally met with Hollywood Park executives and discussed these matters prior to the start of their meet. We have been advised that the Los Angeles Turf Club will implement a similar program for the winter meet at Santa Anita Park.

It is not our intent to have these voluntary security programs continue indefinitely. Commissioner Bianco will be presenting to the full Board a proposal to require these and perhaps other security enhancements at each non-fair race meet in California. This could be accomplished by regulation or by requiring that racetrack license applications include a security plan containing the required elements.

The CHRB staff will remain committed to the goal of improving security in order to provide a level playing field for all participants and to improve the public perception and confidence in California horse racing.

cc: California Racing Associations, TOC, California Thoroughbred Trainers

STAFF ANALYSIS
REQUEST FOR APPROVAL OF NOMINATIONS

REGULAR BOARD MEETING
DECEMBER 2, 2004

Background:

The California Thoroughbred Horsemen's Foundation (CTHF) is a horsemen's welfare organization pursuant to CHRB Rule 2049. Rule 2049 requires that persons nominated to serve on the Board of Directors of the CTHF be approved by the CHRB. Two new directors have been nominated to the CTHF board, George Nicholaw, and Fariba Ariz, M.D. If these nominees are approved, the CTHF board will stand at eight members.

Recommendation:

Staff recommends that the Board approve this request.

CALIFORNIA THOROUGHBRED HORSEMEN'S FOUNDATION, INC.

"Assisting Horsemen in Need"



November 11, 2004

NOBLE THREEWITT
President

Board of Directors
LEONARD DORFMAN
DORIS JOHNSON
NOBLE THREEWITT
RALPH STEIGER M.D.
LYNDA ROSS
ROBERT BEAN
GERI FORRESTER

PETER TOMMILA
Chief Executive Officer

ROBERT FORGNONE
Counsel

Mr. Roy C. Wood, Jr
Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA. 95825

Dear Mr. Wood,

At the board meeting of the California Thoroughbred Horsemen's Foundation, Inc. held on November 09, 2004 George Nicholaw (Retired News broadcaster) and Fariba Ariz, MD were nominated for two year terms, term to expire on November 01, 2006.

Robert Bean, (Horse Trainer) -Former CTT Board Member has also been elected as the CEO for CTHF and will now be resigning as CTHF Board Member.

Pursuant to Rule 2049 (a) of the California Horse Racing board Rules and Regulations, the nominations of George Nicholaw and Dr. Fariba Ariz are submitted to the CHRB for approval, via this letter. The nomination brings our board to eight members.

Please let me know if there is anything we can do to assist the process. I look forward to hearing from you.

Best regards,

Robert Bean

cc. George Nicholaw
Dr. Fariba Ariz

ITEM 12

STAFF ANALYSIS
PROPOSED AMENDMENT OF RULES
1843.5. MEDICATION, DRUGS AND OTHER
SUBSTANCES PERMITTED AFTER ENTRY IN A RACE
1844. AUTHORIZED MEDICATION
1845 BLEEDER LIST

Regular Board Meeting
December 2, 2004

BACKGROUND

Business and Professions Code Section 19580 states that the Board shall adopt regulations to establish policies, guidelines, and penalties relating to equine medication to preserve and enhance the integrity of horse racing in California. Board Rule 1843.5, Medication, Drugs and Other Substances Permitted After Entry in A Race, provides a list of substances that may be administered by injection until 24 hours before the post time of a race. Rule 1844, Authorized Medication, lists drugs that may be administered to a horse as well as maximum dosages that may be detected in test samples. Rule 1845 provides bleeder list procedures.

Proposed amendments to Board rules 1843.5, 1844 and 1845 were discussed at the August 13, 2004, Medication Committee meeting. The amendments were modeled on recommendations made by the Racing Medication and Testing Consortium (RMTC); a national organization composed of industry representatives, and charged with the development of uniform national medication rules, policies and testing procedures. At the August 19, 2004 Regular Board Meeting the Board directed staff to notice the proposed amendments for a 45-day public comment period.

ANALYSIS

The RMTC is a national organization consisting of several racing organizations that represent owners, trainers, regulatory agencies, and veterinarians. The consortium promotes the development of uniform medication rules, policies and testing procedures among racing jurisdictions throughout the United States. The RMTC presented its recommendations for model medication rules at the April 2004 joint meeting of the Association of Racing Commissioners International and the North American Pari-Mutual Regulators Association. Both organizations approved the recommendations. The proposed amendments to rules 1843.5, 1844 and 1845 are modeled after the RMTC recommendations. The proposed amendment to Rule 1843.5 provides that veterinarians shall not have contact with an entered horse on race day except for the administration of furosemide or other bleeder medications. The proposed amendment to Rule 1844 changes the dosage amount that the test sample shall contain for Flunixin from 0.5 micrograms to 20 nanograms, and for Ketoprofen from 50 nanograms to 10 nanograms. The proposed amendment to Rule 1845 brings bleeder list procedures in line with RMTC recommendations.

During the 45-day public comment period comments were received from Dr. Norman Hester, Technical Director of Truesdail Laboratories, Inc., and Dr. Joan Hurley, a State Veterinarian.

Dr. Hester was concerned that lowering flunixin levels would require changes in testing methodology that would significantly increase testing costs. In addition, Dr. Hester made recommendations regarding specific gravity and serum levels. Dr. Hurley objected to subsection 1843.5(i), which would require an official veterinarian's approval before a veterinarian could have contact with an entered horse on race day. Dr. Hurley also commented on the suggested levels of flunixin in Rule 1844 and furosemide in Rule 1845.

RECOMMENDATION

Staff recommends the Board adopt the proposed regulations as presented.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 15. VETERINARY PRACTICES
PROPOSED AMENDMENT OF
RULE 1843.5

ITEM 13A

Medication, Drugs and Other Substances Permitted After Entry in a Race

Regular Board Meeting
December 2, 2004

1843.5. Medication, Drugs and Other Substances Permitted After Entry in a Race.

(a) In this rule a horse is deemed "entered" in a race 48 hours before post time of the running of the race.

(b) Water and feed, including hay, grain, and feed supplements that do not contain prohibited drugs may be provided to the horse up until post time.

(c) Drugs, medications or any other substances shall not be administered by any means to a horse within 48 hours of the post time of the race in which the horse is entered except:

(1) Topical medications, (such as antiseptics, ointments, salves, leg rubs, leg paints, hoof dressings, liniments and antiphlogistics) ~~which~~ that do not contain anesthetics or other prohibited drugs.

(d) Any drug, medication or any other substance found in a test sample taken from a horse ~~which~~ that is not authorized under this rule shall be deemed a prohibited drug substance.

(e) Any of the following substances may be administered by injection until 24 hours before the post time of the race in which the horse is entered:

- (1) Injectable Vitamins;
- (2) Electrolyte Solutions;
- (3) Amino Acid Solutions;
- (4) Tetanus Antitoxin or Tetanus Toxoid, if the horse has sustained a wound.

(f) Approved anti-ulcer medications may be administered until 24 hours before the post time of the race in which the horse is entered. A list of approved anti-ulcer medications, and route of administration, shall be posted at each racetrack in the office of the official veterinarian.

(g) One of the following non-steroidal anti-inflammatory medications may be administered until 24 hours before the post time of the race in which the horse is entered under Rule 1844 of this division:

- (1) Phenylbutazone;
- (2) Flunixin;
- (3) Ketoprofen.

(h) In addition to the substances named in subsection (c)(1), any of the following substances may be administered under Rule 1845 of this division within 24 hours of the post time of the race in which the horse is entered:

- (1) Furosemide;
- (2) Other Authorized Bleeder Medication.

(i) Veterinarians, other than the official veterinarian and the racing veterinarian, shall not have contact with an entered horse on raceday unless approved by the official veterinarian, except for the administration of furosemide or other bleeder medication.

Authority: Sections ~~19440~~ ~~19580~~, ~~19581~~ and ~~19562~~ ~~19582~~,
Business and Professions Code.

Reference: Sections 19580, 19581 and 19582,
Business and Professions Code;
Section 337f, g and h, Penal Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 15. VETERINARY PRACTICES
PROPOSED AMENDMENT OF
RULE 1844
Authorized Medication

ITEM 13B

Regular Board Meeting
December 2, 2004

1844. Authorized Medication.

Consistent with the intent of these rules, drug substances and medications authorized by the Board for use may be administered to safeguard the health of the horse entered to race provided that:

(a) No person shall administer a drug substance to any horse entered to race except upon authorization of the official veterinarian in conformance with these rules.

(b) No drug substance, other than authorized bleeder medication, shall be administered to a horse entered to race within 24 hours of the race in which entered.

(c) Not more than one approved non-steroidal anti-inflammatory drug substance (NSAID) may be administered to a horse ~~which~~ that is entered to race and shall be only one of the following authorized drug substances:

(1) Phenylbutazone in a dosage amount that the test sample shall contain not more than 5 micrograms of the drug substance per milliliter of blood plasma or serum.

(2) Flunixin in a dosage amount that the test sample shall contain not more than ~~0.5 micrograms~~ 20 nanograms of the drug substance per milliliter of blood plasma or serum.

(3) Ketoprofen in a dosage amount that the test sample shall contain not more than ~~50 nanograms~~ 10 nanograms of the drug substance per milliliter of blood plasma or serum.

(4) Metabolites or analogues of approved NSAIDs may be present in post race test samples.

(d) If the official chemist reports that a blood test sample contains an authorized NSAID in excess of the limit for that drug substance under this rule, the official veterinarian shall, in conjunction with the veterinarian who administered or prescribed the authorized drug substance, establish a dosage amount or time of administration of the drug substance ~~which~~ that will comply with the limits under this rule; or the official veterinarian may, if in his/her judgment no such reduced dosage amount or amendment to time of administration will result in a test sample level within the limits of this rule, withdraw authorization for the use of any one NSAID.

(e) ~~The~~ Official urine test samples may contain one of the following drug substances, their metabolites or analogs, in an amount that does not exceed the specified levels:

- (1) Acepromazine; 25 nanograms per milliliter
- (2) Mepivacaine; 10 nanograms per milliliter
- (3) Promazine; 25 nanograms per milliliter
- (4) Albuterol; 1 nanogram per milliliter
- (5) Atropine; 10 nanograms per milliliter
- (6) Benzocaine; 50 nanograms per milliliter
- (7) Procaine; 10 nanograms per milliliter
- (8) Salicylates; 750 micrograms per milliliter
- (9) Clenbuterol; 5 nanograms per milliliter

(f) Official blood test samples shall not contain any of the drug substances, or their metabolites or analogs listed in subsection (e)(1)-(9).

Authority: Sections 19440, and 19562 ~~and~~ 19580,
Business and Professions Code.

Reference: Sections 19580 and 19581,
Business and Professions Code.

CALIFORNIA HORSE RACING BOARD
TITLE 4. CALIFORNIA CODE OF REGULATIONS
ARTICLE 15. VETERINARY PRACTICES
PROPOSED AMENDMENT OF
RULE 1845
Bleeder List Authorized Bleeder Medication

ITEM 100

Regular Board Meeting
December 2, 2004

1845. Bleeder List. Authorized Bleeder Medication.

Approved Authorized prophylactic bleeder medication for the control of bleeding exercised induced pulmonary hemorrhage (EIPH) may be administered to a horse ~~on the Bleeder List~~ on the authorized bleeder medication list.

(a) A horse is eligible to race with authorized bleeder medication if the licensed trainer and/or veterinarian determines it is in the horse's best interest. If a horse will race with authorized bleeder medication, form CHRB 194 (New 08/04), Authorized Bleeder Medication Notice/Request, which is hereby incorporated by reference, shall be used to notify the official veterinarian prior to entry. A horse which during or following exercise of the race is observed by the Official Veterinarian or Steward to be shedding blood from one or both nostrils or is found to have bled internally may be placed on the Bleeder List by the Official Veterinarian.

(b) The official laboratory shall measure the specific gravity of post-race urine samples to ensure samples are sufficiently concentrated for proper chemical analysis. The specific gravity of such samples shall not be below 1.010. The official Veterinarian may require an endoscopic examination of the horse in order to confirm inclusion on the Bleeder List, and such endoscopic examination shall be conducted by a veterinarian employed by the owner or his agent in the presence of or in consultation with the Official Veterinarian subsequent to the finish of the race or exercise in which the horse has participated and bled, and must reveal hemorrhage in the lumen of the respiratory tract.

(c) If the specific gravity of the post-race urine sample is determined to be below 1.010, or if a urine sample is not available for testing, quantitation of furosemide in serum or plasma shall then be performed. Concentrations may not exceed 100 nanograms of furosemide per milliliter of serum or plasma. The confirmation of a bleeder horse must be certified in writing by the Official Veterinarian, entered by him on the Bleeder List and a copy of such certification issued to the owner of the horse or his agent. A horse shall be removed from the Bleeder List only by the Official Veterinarian who shall enter his reason for the removal.

(d) Once a horse is placed on the Bleeder List, A horse qualified to race with authorized bleeder medication it must shall be assigned to a pre-race security stall prior to the scheduled post time for the race in which it is entered, to start and shall remain there until it is taken to the receiving barn or to the paddock to be saddled or harnessed for the race. While in the security stall, the horse shall be in the care, custody, control and constant view of the trainer, or a licensed person assigned by the trainer. The trainer shall be responsible for the condition, care and handling of the horse while it remains in the security stall. The Official Veterinarian may permit a horse to leave the security stall to engage in track warm-up heats prior to a race.

(e) A Horse qualified for administration of bleeder medication authorized bleeder medication in accordance with these rules must be treated on the grounds of the racetrack where the horse will race no later than 4 four hours prior to post time of the race for which the horse is entered. As a condition for approval of the administration of furosemide, immediately prior to treatment, a blood sample shall be taken for testing when so directed by the Official Veterinarian. The authorized bleeder medication, furosemide, shall be administered by a single, intravenous injection only, in a dosage of not less than 150 mg. or not more than 500 mg. A horse racing with furosemide must show a detectable concentration of the drug in the post-race serum, plasma or urine

sample. The veterinarian administering the bleeder medication shall notify the official veterinarian of the treatment of the horse. Such Notification shall be made using CHRB form-36, Bleeder Treatment Report, which is hereby incorporated by reference, not later than two hours prior to post time of the race for which the horse is entered. Upon the request of a Board representative, the veterinarian administering the authorized bleeder medication shall surrender the syringe used to administer such medication, which may then be submitted for testing.

~~(f) Approved bleeder medication shall be administered by a veterinarian employed by the owner of the horse or by his agent at a maximum dose of 250 mg (5ml) to be given to any horse and at the time approved by the Official Veterinarian no later than four (4) hours prior to post time pursuant to the Board's instructions. This drug shall be given only by the intravenous (IV) route utilizing a single injection. The veterinarian administering the bleeder medication shall notify the Official Veterinarian of the treatment of the horse. Notification shall be made no later than 2 hours prior to post time of the race for which the horse is entered. A horse placed on the official authorized bleeder medication list must remain on the list unless the licensed trainer and/or veterinarian requests that the horse be removed. The request must be made using CHRB form 194 (New 08/04), and must be submitted to the official veterinarian prior to the time of entry. A horse removed from the authorized bleeder medication list may not be placed back on the list for a period of 60 calendar days unless the official veterinarian determines it is detrimental to the welfare of the horse. If a horse is removed from the authorized bleeder medication list a second time in a 365-day period, the horse may not be placed back on the list for a period of 90 calendar days.~~

~~(g) While in the security stall, the horse shall be in the care, custody and control of the trainer or a licensed person assigned by him and the trainer shall be responsible for the condition, care and handling of the horse while it remains in the security stall. If the~~

official veterinarian observes a horse bleeding externally from one or both nostrils during or after a race or workout, and determines such bleeding is a direct result of EIPH, the horse shall be ineligible to race for the following periods:

- First incident—14 days;
- Second incident within 365-day period—30 days;
- Third incident within 365-day period—180 days;
- Fourth incident within 365-day period—barred for racing lifetime.

For the purposes of counting the number of days a horse is ineligible to run, the day after the horse bled externally is the first day of such period. The voluntary administration of authorized bleeder medication without an external bleeding incident shall not subject a horse to the initial period of ineligibility as defined under this subsection.

~~(h) A bleeder horse shipped into this State from another jurisdiction may be automatically placed on the Bleeder List provided that the jurisdiction from which it was shipped qualified it as a bleeder using criteria satisfactory to this State and provided a current certificate setting forth its qualifications as a bleeder is presented to the Official Veterinarian.~~

Authority: Sections 19440 and 19562,
Business and Professions Code.

Reference: Sections 19580 ~~19440~~ and 19581 ~~19562~~,
Business and Professions Code.

TRUESDAIL LABORATORIES, INC.

INDEPENDENT TESTING, FORENSIC SCIENCE, AND ENVIRONMENTAL ANALYSES



Established 1931

November 18, 2004

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Harold Coburn, Regulation Analyst
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

CC: Ron Jensen
CHRB Equine Medical Director

RE: Comments on Proposal to amend CHRB
Rules: 1844, Authorized Medications and 1845 Authorized Bleeder Medications

Dear Mr. Coburn:

I have reviewed the proposal changes for both Rules 1844 and 1845 and have made some comments below specific to each rule section. Please be aware that we are supportive of both changes and our comments are meant to call attention to some of the practical issues that will need to be addressed as far as enforcing the rules in one case and some changing of the wording in the second case to provide flexibility in enforcement.

Rule 1844:

Under the current regulations, Flunixin is quantitated at 0.5 micrograms/ml (500 nanograms/ml) and Ketoprofen is quantitated at 50 nanograms/ml, the new regulations will require quantitation at 20ng/ml and 10ng/ml respectively. The current regulations can be enforced by the laboratory with a single relatively inexpensive HPLC analytical run for all approved NSAID's. However, the current method can not meet the lower detection levels for Ketoprofen and Flunixin and method modifications are required. The Racing Medication and Testing Consortium listed references for procedures for testing for both Ketoprofen and Flunixin, but the referenced methods required use of GC/MS or LC/MS instrumentation, which will significantly increase the cost of testing. No references were given for a single method that would allow testing for all permitted NSAIDS in one analytical run like we currently employ. A reference analytical method needs to be developed and made available so that equivalent numbers for quantitation can be generated by both labs doing the routine testing for California and all labs doing split testing on samples found to be in violation of rules.



Rule 1845:

Last month, the Testing Integrity Program held a technical program concurrent with the national NAPRA organization meeting. One of the topics discussed at length was technical data presented by researchers from Pennsylvania (Dr. Uboh) on the furosemide issue. Dr. Uboh strongly believes that the violation level should be set at 50ng/ml.

Dr. Uboh (and independently, researchers from Texas) have found that the regulations that "require" that the specific gravity be below 1.010 as part of the criteria for a violation are easily gotten around. For these determined to violate the rules, injections of furosemide into the muscles and/or multiple low level injections of furosemide can produce serum and plasma levels significantly above 100ng and still have urine specific gravity above 1.010ng. As with the enforcement of the rules for NSAID's, the blood serum and plasma levels need to be the main focus for enforcement.

I would recommend that the rules clearly include that either a low specific gravity, (<1.010) or serum or plasma levels above 100ng/ml of furosemide be considered violations. I would also recommend that it be clear that any post race blood or plasma sample can be tested (i.e. not limited to samples with low specific gravity).

I would further recommend that in addition to urines found to have low specific gravities, the laboratories also quantitate furosemide in any plasma that corresponds to urines found to be suspect for other drugs.

Also, if violations of the specific gravity or furosemide are found, or any other diuretic is found, then urinary threshold levels for drugs should be voided and any confirmable level should be considered a positive. It is also known that milk shaking can also cause pronounced increase in the production of urine, so violation of the proposed TCO₂ rule should also be considered as a reason to drop urine thresholds for drugs.

General Comment for Both 1844 and 1845:

The proposed new rule for TCO₂ testing tests specifies that the violation should be considered a class three medication violation. Should there likewise be designation of the class for violations of sections 1844 and 1845?

Sincerely,
TRUESDAIL LABORATORIES, INC.

Norman E. Hester, Ph.D.
Technical Director



Proposed Language Change for (c):

- c. *Blood samples may be taken from any horse on a facility under the jurisdiction of the Board for the purpose of quantitation of furosemide. Any blood serum or plasma samples collected post-race may not exceed 100ng of furosemide per milliliter of serum or plasma. The official laboratory shall quantitate furosemide in all post race plasmas or serums whose corresponding urine sample have a specific gravity of less than 1.010 and any post race serum or plasma samples where a urine sample is not available. The CHRB may request furosemide testing on any or all post race serums or plasmas to include, but not limited to, serums or plasmas that correspond to urine samples that have been found to be suspect for the presence of any non-permitted medications.*

Proposed Language Changes for (e):

- d. The Official urine test samples may contain one of the following drug substances, their metabolites or analogs, in an amount that does not exceed the specified levels:

- (1) Acepromazine; 25 nanograms per milliliter
- (2) Mepivacaine; 10 nanograms per milliliter
- (3) Promazine; 25 nanograms per milliliter
- (4) Albuterol; 1 nanogram per milliliter
- (5) Atropine; 10 nanograms per milliliter
- (6) Benzocaine; 50 nanograms per milliliter
- (7) Procaine; 10 nanograms per milliliter
- (8) Salicylates; 750 nanograms per milliliter
- (9) Clenbuterol; 5 nanograms per milliliter

However, the threshold levels listed above shall be void and any confirmed level of the drugs listed above shall be considered a violation if it is concurrently found that the urine specific gravity is below 1.010, or if the serum or plasma levels of furosemide is above 100ng/ml, or if any other diuretic is found in the urine sample, or if the total carbon dioxide level in a blood sample is found to be in excess of regulatory levels.

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, GOVERNOR

CALIFORNIA HORSE RACING BOARD
RECEIVING BARN

Golden Gate Fields
1100 Eastshore Highway
Albany, CA 94706
(510) 559-7526
FAX TRANSMITTAL

TO FAX A RESPONSE, USE FAX NUMBER (510) 559-7480

DATE: November 21, 2004

TO: Hal Coburn
CHRB

FROM: Joan Hurley, D. V. M.
State Veterinarian

SUBJECT: RULE CHANGES

MESSAGE:

Rule 1843.5 (i): The official veterinarian (state veterinarian) is due on the grounds two hours before the first post. Trainers may want their practicing vet to check on major or minor problems with an entered horse on raceday at anytime from midnight on. Many of those requests will be made at a time the official vet is not available to give permission to examine the horse. Even if the state vet is available to give permission, as long as the practicing vet and the horse are not under observation during the exam, nothing is accomplished by this rule change.

Rule 1844 (c) (2): Dropping Flunixin levels from 0.5 micrograms to 20 nanograms (0.02 micrograms) is going to give us large numbers of positive

NUMBER OF PAGES: TRANSMITTAL SHEET + 1

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tests. I have been told that there is data that shows that levels will be this low with an IV injection given at 24 hours. Our horses receive IV injections or oral granules or paste. The oral medications will change the amount shown in the blood in 24 hours. My understanding is that no one connected to the CHRB has seen the research that shows the 20 nanograms is a reasonable level for a normal dose of flunixin at 24 hours. This research should be reviewed before our rule is changed.

Rule 1845 (e): We now have no lower limit to how much furosemide must be used to treat a bleeder. Our rules govern all our breeds that race, including very small mules and Arabians. Especially during the summer fairs, many of these animals are run on less than 3 cc of furosemide. Some of the thoroughbreds are given only 1cc. of furosemide. Forcing trainers to give more medication than their animal needs seems to be a contradiction of our goals when medicating racing equines.

Robert Goodbary, D. V. M., state veterinarian at the harness meet, has reviewed these comments. He wants it known that he agrees with my concerns about these rule changes.

NUMBER OF PAGES: TRANSMITTAL SHEET + 1

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**STAFF ANALYSIS
JOCKEYS' INSURANCE PROGRAM**

**REGULAR BOARD MEETING
DECEMBER 2, 2004**

Background:

Recent events have focused attention on the insurance provided to California jockeys. Because California has a workers compensation program, if jockeys are injured on the job they can avail themselves of that insurance plan to assist them in their medical expenses and lost income. In addition, for those jockeys injured at thoroughbred tracks, there is another policy through the Thoroughbred Racing Association (TRA) that provides additional benefits for California jockeys because California is a "workers comp" state. The benefits are capped at \$100,000 unless the jockey signs a waiver in which case the benefits are increased substantially. (See attached Exhibit A with regard to Class I and Class II eligibility and benefits.)

Finally, the Horse Racing Law mandates a program funded by unclaimed refunds for a health and welfare program for California jockeys and their families. That program is administered by the Jockeys' Guild and currently provides a program of medical, dental and other benefits as outlined in the attached Schedule of California Jockeys' Health and Welfare Costs. For 2003 the Guild estimated their costs at \$904,660. The funds in the Health and Welfare Trust were set at \$1,017,000 by the CHRB and the Guild has been reimbursed for 2003 from the Trust.

Recommendation:

This item for information and discussion.

ITEM 13A

Certificate of Insurance

LIFE INSURANCE COMPANY OF NORTH AMERICA

Referred to in this certificate as "we, us or our"

1601 CHESTNUT STREET

PHILADELPHIA, PA 19192

(A Stock Insurance Company Herein Called The Company)

This Certificate is issued under the terms of the Policy issued to the Policyholder and Policy Number shown below.

We insure each eligible person of the "Race Track Facility" named below in the schedule.

Benefits will be paid only if the Insured sustains:

- (1) an accidental bodily injury while this Certificate is in force; and
- (2) such injury directly and independently causes a loss covered by the policy.

Benefits are subject to all terms and conditions of the policy.

Section I

DECLARATIONS

We certify that each eligible person of the "Race Track Facility" whose name is shown in the schedule below is an Insured under the policy which is the basis on which this Certificate is issued.

SCHEDULE

Name of Policyholder

Thoroughbred Racing Associations of North America, Inc.,
and other Race Tracks, and Jockeys' Guild, Inc.

Policy Number

SPS925735

Certificate Number

04-0150

Name of Race Track Facility

Del Mar Race Track

Fairgrounds

P.O. Box 700

Del Mar, CA 92014

Coverage for this Certificate is for the days shown below:

STABLING AND TRAINING DAYS

07/11/04 - 07/20/04

09/09/04 - 09/11/04

RACING AND DARK DAYS

07/21/04 - 09/08/04

BENEFITS BY CLASS

<u>Class</u>	<u>Benefits Code</u>	<u>Type of Benefits</u>	<u>Maximum Amount of Benefits</u>
1	B-AA	Loss of Life (Principal Sum)	\$100,000.00
1	B-AF	Plegia(Principal Sum)	\$100,000.00
1	B-JF	Permanent Total Disability (Principal Sum)	\$100,000.00

SPS925735-C

Certificate Date - 7/21/04

BENEFITS BY CLASS

<u>Class</u>	<u>Benefits Code</u>	<u>Type of Benefits</u>	<u>Maximum Amount of Benefits</u>
II	B-AA	Loss of Life (Principal Sum)	Ten times the Insured's "Earnings" subject to a minimum of \$351,774.00 and a maximum of \$1,125,684.00.
II	B-AF	Plegia (Principal Sum)	Ten times the Insured's "Earnings" subject to a minimum of \$351,774.00 and a maximum of \$1,407,096.00 for Quadriplegia and a maximum of \$1,125,684.00 for Paraplegia.
II	B-JF	Permanent Total Disability (Principal Sum)	Ten times the Insured's "Earnings" subject to a minimum of \$351,774.00 and a maximum of \$842,622.00.

DEFINITION

The term "Earnings" means the total gross earnings received by an Insured as a jockey in all jurisdictions during the 36 months immediately preceding the date of the covered injury divided by three. In the event gross earnings do not exist for the entire preceding 36 months, earnings means the amount determined by taking the total gross earnings received divided by the actual number of months of gross earnings and multiplying the result by 12.

ELIGIBILITY

Eligible Persons under the policy are as follows:

Class Description of Class

- I All "Jockeys" who prior to the date of injury have not signed a Standard Form of Waiver of Liability as provided by the Jockeys' Guild, Inc. and: (a) whose injury occurred at a "Race Track Facility" of a "Racing Association" which has enrolled and paid for coverage under this policy; and (b) who on the date of injury was insured under a program of Workers' Compensation Insurance in a state in which a jockey is conclusively presumed by statute or regulation to be an employee of the "Owner" or "Trainer" who engages him or her or was insured under a standard form of Workers' Compensation Insurance Policy and Employers' Liability Policy issued by an Insurance Company which is acceptable to the Jockeys' Guild, Inc. or by some other policy issued by an Insurance Company which is acceptable to the Jockeys' Guild, Inc.
- II All "Jockeys" who prior to the date of injury have signed a Standard Form of Waiver of Liability as provided by the Jockeys' Guild, Inc. and: (a) whose injury occurred at a "Race Track Facility" of a "Racing Association" which has enrolled and paid for coverage under this policy; and (b) who on the date of injury was insured under a program of Workers' Compensation Insurance in a state in which a jockey is conclusively presumed by statute or regulation to be an employee of the "Owner" or "Trainer" who engages him or her or was insured under a standard form of Workers' Compensation Insurance Policy and Employers' Liability Policy issued by an Insurance Company which is acceptable to the Jockeys' Guild, Inc. or by some other policy issued by an Insurance Company which is acceptable to the Jockeys' Guild, Inc.

ITEM 15B

JOCKEYS' GUILD, INC.
SCHEDULE OF CALIFORNIA JOCKEYS'
HEALTH AND WELFARE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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PIAZZA, DONNELLY & MARLETTE
CERTIFIED PUBLIC ACCOUNTANTS

L. G. Marlette Jr., CPA
Scott J. Donnelly, CPA
Dana N. Piazza, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jockeys' Guild, Inc.

We have audited the accompanying schedule of California Jockeys' Health and Welfare Costs, as defined in the Agreement dated January 2000 between the Jockeys' Guild, Inc. (the Guild) and the Thoroughbred Owners of California, Inc. (the TOC), for the year ended December 31, 2003. This schedule is the responsibility of the Jockeys' Guild, Inc.'s management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit of the schedule in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of California Jockeys' Health and Welfare Costs is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of California Jockeys' Health and Welfare Costs referred to above presents fairly, in all material respects, the California Jockeys' Health and Welfare Costs for the year ended December 31, 2003 in accordance with the terms of the Agreement referred to above.

This report is intended solely for the information and use of the board of directors and management of the Guild, the California Horse Racing Board, and the TOC and should not be used for any other purpose or relied upon by any other party.

Piazza, Donnelly, & Marlette LLP
Torrance, California
August 12, 2004

JOCKEYS' GUILD, INC.
SCHEDULE OF CALIFORNIA JOCKEYS' HEALTH AND WELFARE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

Health, dental and vision self insurance premiums	\$ 837,088
Life insurance costs	34,489
Disabled, injured and other health and welfare costs	127,272
Administrative costs	<u>82,242</u>
Total health and welfare costs	1,081,091
Less health and welfare contributions from participants	<u>(176,431)</u>
Total costs eligible for reimbursement to Jockeys' Guild, Inc.	904,660
Less net interim reimbursement at June 30, 2003	<u>(438,812)</u>
Total remaining costs eligible for reimbursement to Jockeys' Guild, Inc. at December 31, 2003	<u><u>\$ 465,848</u></u>

The accompanying notes are an integral part of this schedule.

See Independent Auditors' Report

JOCKEYS' GUILD, INC.
NOTES TO THE
SCHEDULE OF CALIFORNIA JOCKEYS' HEALTH AND WELFARE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

Note 1-Contractor Description

Jockeys' Guild, Inc. (the "Guild") is a non-profit national collective bargaining organization for thoroughbred and quarter horse professional jockeys. Founded in 1940, the Guild promotes, protects, and serves the welfare and prestige of the American professional jockey community with integrity, equity, and justice.

Reincorporated in the State of Nevada in 2002, the Guild's membership has grown 80% since June 2001 to over 1,100 members as of December 2003. The Guild provides jockeys with united representation inside and outside of the racing industry and collective bargaining through legislative, lobbying efforts, and employer negotiations.

The Guild provides jockeys the opportunity to participate in a Guild subsidized health, dental, prescription drug, and life insurance plan, weekly temporary disability payments, and a permanently disabled jockey program that includes disability payments and health insurance for the jockey and the jockey's immediate family for life.

The Guild represents the majority of jockeys who are licensed by the California Horse Racing Board (the "CHRB") and regularly ride in California for the purpose of providing health and other welfare benefits to active, disabled, and retired jockeys. Pursuant to California Business and Professions Code 19612.9 (the "Statute"), the Guild has been identified to have authority to administer the appropriated funds.

Note 2-California Plan Description

In accordance with the provisions of the Statute and approval of the CHRB, the Guild administers the California Health and Welfare Plan (the "Plan") as follows:

1. The State of California has appropriated funds from unclaimed refunds to subsidize the high cost of health and welfare programs for qualified California jockeys and their families.
2. The Guild has established the Jockeys' Guild Health and Welfare Trust (the "Trust") for the purpose of holding and expending all monies distributed pursuant to the Statute.
3. Funds are disbursed in the following six areas: health insurance coverage, life insurance coverage, weekly aid to temporarily disabled jockeys, monthly aid to permanently disabled jockeys, medical expenses for permanently disabled jockeys, and administrative costs incurred by the Guild.

JOCKEYS' GUILD, INC.
NOTES TO THE
SCHEDULE OF CALIFORNIA JOCKEYS' HEALTH AND WELFARE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

Note 2-California Plan Description (Continued)

4. The Trust shall be reimbursed an amount equal to the amounts expended to defray the cost of administration and the provision of health and welfare benefits to eligible jockeys.
5. The Guild may request reimbursement for administrative costs up to 20% of insurance costs (Notes 5 and 6).
6. Should the expended amounts in a given period be less than that allocated in the Trust, the excess monies will be retained by the Trust for future disbursement.
7. Jockeys are eligible for benefits under the Plan by meeting the following criteria. Qualifying jockeys must ride:
 - a. 100 mounts nationwide
 - b. 50 of the mounts must be in California.
8. Eligible jockeys may or may not be members of the Guild to participate in the plan.
9. Monthly Health and Welfare contributions from participants are:
 - a. Single \$80
 - b. With dependent \$160
 - c. Family \$210

Note 3-The Jockeys' Guild Benefit Plan

ERISA Plan Name:	The Jockeys' Guild Benefit Plan
Type of Plan:	Group medical, group dental, and group life insurance
Name of the Plan Sponsor:	Jockeys' Guild, Inc.
Name of the Plan Administrator:	Jockeys' Guild, Inc.
Name of the Third Party Administrator:	P5 e. Health Services, Inc. ("P5")
IRS Number:	13-1922798
Plan Identification Number:	501
Providers:	
Health/Medical Network:	Private Healthcare Systems, Inc. ("PHCS")
Dental Network:	Careington International Corporation
Prescription Network:	Express Scripts, Inc.
Stop Loss – Reinsurance Provider:	Safeco Corporation
Insurance Underwriting Consultant:	Marsh Risk and Insurance Services ("Marsh")

See Independent Auditors' Report

JOCKEYS' GUILD, INC.
NOTES TO THE
SCHEDULE OF CALIFORNIA JOCKEYS' HEALTH AND WELFARE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

Note 4-Organization and General

Pursuant to the Statute, certain amounts shall be distributed to the organization that is responsible for negotiating purse agreements on behalf of the horsemen participating in the racing meeting (the TOC) for the purpose of negotiating an agreement with the responsible jockeys' organization (the Guild) to provide health and welfare benefits to California Jockeys. The amount of money distributed annually to the Guild, shall be held in trust and shall not exceed \$450,000, adjusted annually for inflation (the maximum amount last determined through June 30, 2003 by the CHRB, as adjusted for inflation, is \$1,016,000). The Guild has established a trust known as the Jockeys' Guild, Inc. Health and Welfare Fund (the Trust) for the purpose of holding and expending all monies distributed pursuant to the Statute.

The Guild has developed reasonable and nondiscriminatory criteria for eligibility for the health and welfare benefits. California Jockeys who are not members of the Guild shall become and remain eligible for health and welfare benefits available for California Jockeys who are members of the Guild. The Guild has determined there were one hundred and three (103) eligible jockeys based on mounts ridden in California.

Note 5-Summary of Significant Accounting Policies

Use of Estimates - The preparation of this schedule in conformity with the terms of the Agreement requires management to make estimates and assumptions that affect the reported costs and disclosures during the reporting period of the schedule. Actual results could differ from those estimates.

The Guild employs Marsh as a consultant to perform underwriting services and determine the health, dental, and vision self funded insurance premiums. Marsh estimates these premiums based on expected claims using a claims lag table, based on claims by Guild members, Guild members' claims experience activity over a rolling twelve-month period, estimated claims for the year, a medical reserve of 2.79 months, and a claims fluctuation standard of 5%. The Guild's management believes the methodologies employed by Marsh to be based on sound actuarial practices and consistent with insurance underwriting standards.

JOCKEYS' GUILD, INC.
NOTES TO THE
SCHEDULE OF CALIFORNIA JOCKEYS' HEALTH AND WELFARE COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003

Note 5-Summary of Significant Accounting Policies (Continued)

Basis of Accounting - The costs included on the Schedule of California Jockeys' Health and Welfare Costs were recorded using the accrual basis of accounting.

Health and Welfare Benefits - These costs include the amount of health insurance premiums incurred by eligible participants who purchase personal insurance policies outside the Guild, and also includes eligible costs to be reimbursed to eligible participants participating in The Jockeys' Guild Benefit Plan. The following outlines the amount the Guild charges to each eligible participant:

Single	\$348.20 per month
With dependent	\$696.34 per month
Family	\$925.65 per month

Administrative Costs - The Guild is requesting reimbursement for administrative costs up to the maximum of 20% of insurance costs permitted under the Agreement.

Note 6-Subsequent Event

The Jockeys' Guild, Inc. entered into an amended contract with the CHRB on March 10, 2004. The CHRB recognizes The Jockeys' Guild, Inc. as the organization that represents the majority of jockeys who are licensed by the state and regularly ride in the state. The new agreement expires June 30, 2006 and requires the Jockeys' Guild, Inc. to provide an audited schedule of health & welfare costs within ninety (90) days of June 30 and one-hundred-twenty (120) days of December 31 of each year. Pursuant to the new agreement, the Guild may request reimbursement for administrative costs up to fifteen percent (15%) of insurance costs.

CALIFORNIA HORSE RACING BOARD

December 2, 2004, Regular Board Meeting

There is no board package material for this item.

Information to be presented at the board meeting.

STAFF ANALYSIS
STAFF REPORT ON END-OF-MEET RESULTS

REGULAR BOARD MEETING
DECEMBER 2, 2004

Background:

This item contains end-of-meet reports for recently concluded race meets. Staff is prepared to answer questions regarding the information presented.

Recommendation:

This item is for information and discussion.

END-OF-MEET OUTLINE SUMMARY

For the California Horse Racing Board meeting, December 2, 2004. This report includes a summary for the following racing meetings: BAY MEADOW OPERATING COMPANY, OAK TREE RACING ASSOCIATION, and the FRESNO FAIR.

BAY MEADOWS OPERATING COMPANY

April 7 – June 20, and September 3 – November 7, 2004

Race days: 104

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. Daily handle	-3.25%
Ave. On-track	-0.98%
Ave. Off-track	-4.23%
Ave. Interstate-exported	6.94%
Ave. ADW	26.94%
Ave. Daily attendance-Calif.	-5.97%
Ave. On-track	-3.52%
Ave. Off-track	-7.93%

OAK TREE RACING ASSOCIATION

September 29 – October 31, 2004

Race days: 26

AVERAGE DAILY STATISTICS

Note: Percentage Changes skewed due to handle of \$92 million for Breeders Cup in 2003

	PERCENTAGE CHANGE
Ave. daily handle	-21.89%
Ave. On-track	-20.21%
Ave. Off-track	0.22%
Ave. Interstate-exported	37.88%
Ave. ADW	15.40%
Ave. daily attendance-Calif.	-8.85%
Ave. On-track	-9.55%
Ave. Off-track	-8.13%

Fresno Fair at Fresno

October 6 – October 16, 2003

Race days: 10

AVERAGE DAILY STATISTICS

	PERCENTAGE CHANGE
Ave. daily handle	5.63%
Ave. On-track	3.52%
Ave. Off-track	-1.80%
Ave. Interstate-exported	15.23%
Ave. ADW	13.93%
Ave. daily attendance-Calif.	-1.85%
Ave. On-track	4.16%
Ave. Off-track	-13.56%

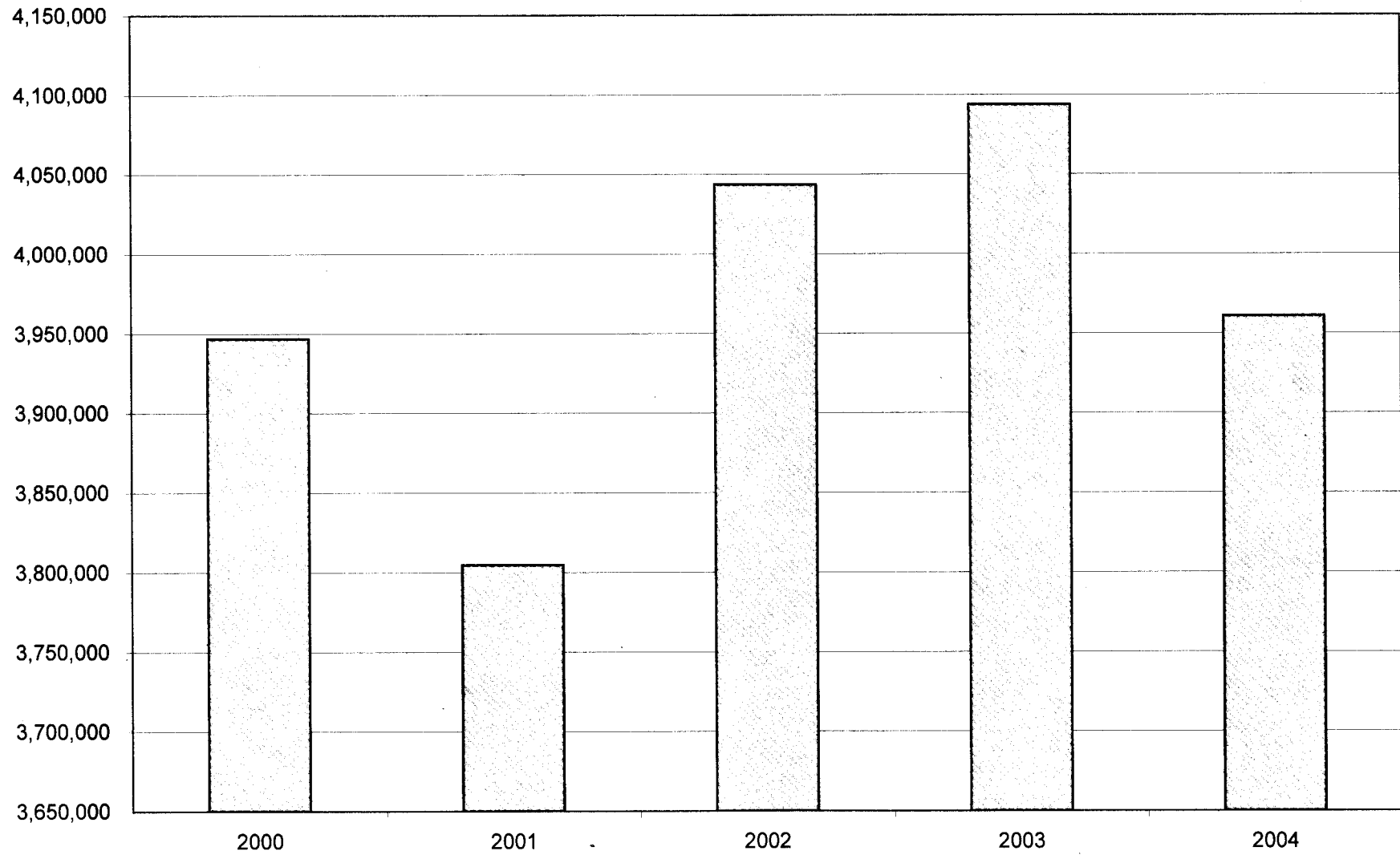
BAY MEADOWS OPERATING COMPANY

YEAR	2000	2001	2002	2003	2004
TOTAL RACE DAYS	106	107	105	105	104
TOTAL HANDLE	418,364,529	407,103,790	424,583,120	429,842,457	411,920,593
ON-TRACK	84,918,281	87,888,578	81,634,579	76,955,435	75,478,608
OFF-TRACK	146,716,118	150,741,919	148,251,696	142,892,890	135,549,027
INTERSTATE-EXPORT	186,730,130	168,473,294	181,904,212	188,140,616	173,416,025
ADW	-	-	12,792,634	21,853,517	27,476,934
LIVE	279,013,248	253,516,975	272,192,690	282,050,285	267,159,698
INTRASTATE-IMPORT	80,220,758	81,338,720	78,942,911	76,425,184	67,650,514
INTERSTATE-IMPORT	58,868,473	72,006,713	72,822,007	71,366,989	73,298,367
INTERNATIONAL-IMPORT	262,050	241,383	625,512	-	3,812,013
AVE. DAILY HANDLE	3,946,835	3,804,708	4,043,649	4,093,738	3,960,775
AVE. ON-TRACK	801,116	821,389	777,472	732,909	725,756
AVE. OFF-TRACK	1,384,114	1,408,803	1,411,921	1,360,885	1,303,356
AVE. INTERSTATE-EXPORT	1,761,605	1,574,517	1,732,421	1,791,815	1,667,462
AVE. ADW	-	-	121,835	208,129	264,201
AVE. LIVE	2,185,230	2,230,192	2,189,393	2,093,794	2,029,112
AVE. INTRASTATE-IMPORT	2,632,200	2,369,318	2,592,311	2,686,193	2,568,843
AVE. INTERSTATE-IMPORT	756,800	760,175	751,837	727,859	650,486
AVE. INTERNATIONAL-IMPORT	555,363	672,960	693,543	679,686	704,792
TOTAL TAKEOUT	81,633,916	79,306,492	80,289,760	83,470,774	81,185,881
EFFECTIVE TAKEOUT %	19.51%	19.48%	18.91%	19.42%	19.71%
STATE LICENSE FEES	2,984,145	2,703,250	2,641,085	2,582,193	2,429,602
STATE %	0.71%	0.66%	0.62%	0.60%	0.59%
TRACK COMMISSION	17,139,830	17,096,208	16,634,868	15,929,997	15,125,125
ADW COMMISSION	-	-	659,757	1,032,685	1,281,462
TOTAL COMMISSION	17,139,830	17,096,208	17,294,625	16,962,682	16,406,587
TRACK %	4.10%	4.20%	4.07%	3.95%	3.98%
HORSEMEN PURSES	16,783,957	16,461,852	15,940,118	15,340,328	14,550,453
ADW PURSES	-	-	627,498	992,404	1,229,204
TOTAL PURSES	16,783,957	16,461,852	16,567,616	16,332,732	15,779,657
HORSEMEN %	4.01%	4.04%	3.90%	3.80%	3.83%

BAY MEADOWS OPERATING COMPANY

YEAR	2000	2001	2002	2003	2004
CALIFORNIA ATTENDANCE	882,048	847,225	800,611	770,622	717,737
ON-TRACK	400,003	382,384	357,591	342,956	327,723
OFF-TRACK	482,045	464,841	443,020	427,666	390,014
DAILY ATTENDANCE	8,321	7,918	7,625	7,339	6,901
AVE. DAILY ON-TRACK	3,774	3,574	3,406	3,266	3,151
AVE. DAILY OFF-TRACK	4,548	4,344	4,219	4,073	3,750
 TOTAL RACE EVENTS	 913	 916	 893	 891	 878
STARTS	6,514	6,436	6,284	6,251	6,119
AVE. PER EVENT	7.1	7.0	7.0	7.0	7.0
AVE. HANDLE PER START	42,833	39,390	43,315	45,121	43,661

**BAY MEADOWS OPERATING COMPANY
AVERAGE DAILY HANDLE**



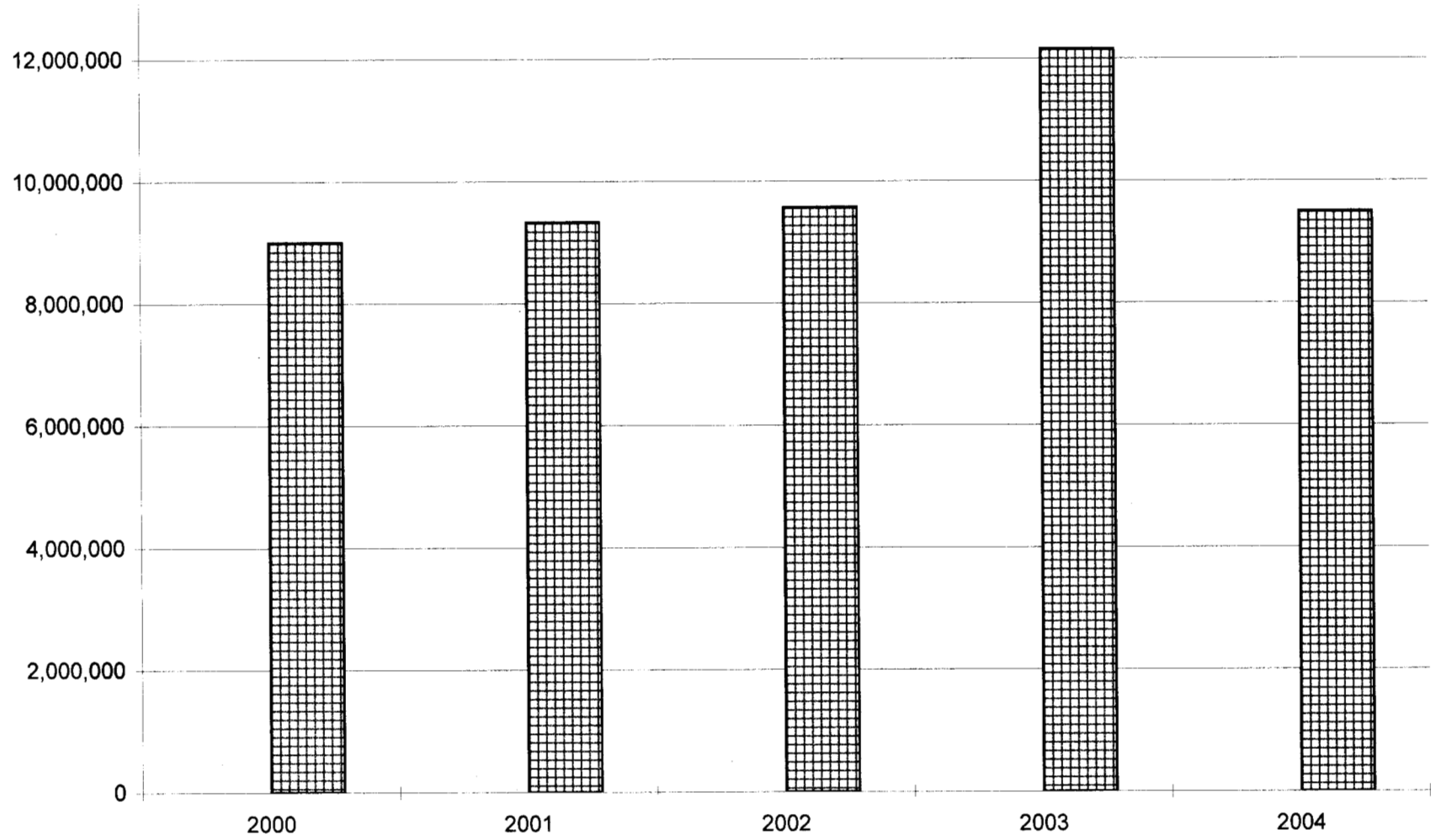
OAK TREE RACING ASSOCIATION

YEAR	2000	2001	2002	2003	2004
Total race days	27	32	26	32	26
Total Handle	243,041,165	298,522,691	248,731,416	388,933,438	246,837,146
On-track	62,035,814	72,974,774	56,896,643	78,607,430	50,959,066
Off-track	85,359,306	102,779,242	77,441,144	89,182,330	72,622,974
Interstate-exported	95,646,046	122,768,675	104,610,909	194,272,322	98,060,549
ADW	0	0	9,782,719	26,871,357	25,194,558
Live	181,315,927	223,341,603	190,114,300	329,324,409	192,141,789
Intrastate-imported	29,676,620	34,633,365	24,663,260	28,473,464	21,866,655
Interstate-imported	32,000,379	40,327,443	33,686,153	31,135,565	32,828,702
International imported	48,239	220,279	267,703	0	0
Ave. daily handle	9,001,525	9,328,834	9,566,593	12,154,170	9,493,736
Ave. On-track	2,297,623	2,280,462	2,188,332	2,456,482	1,959,964
Ave. Off-track	3,161,456	3,211,851	2,978,506	2,786,948	2,793,191
Ave. Interstate-exported	3,542,446	3,836,521	4,023,497	6,071,010	3,771,560
Ave. ADW			376,258	839,730	969,021
Ave. California daily handle	5,459,079	5,492,313	5,166,838	5,243,430	4,753,155
Ave. Live	5,848,901	7,204,568	6,132,719	10,623,368	6,198,122
Ave. Intrastate-imported	957,310	1,117,205	795,589	918,499	705,376
Ave. Interstate-imported	1,185,199	1,260,233	1,295,621	972,986	1,262,642
Ave. International imported	1,787	6,884	10,296	0	0
Total takeout	46,656,423	57,278,869	46,246,337	69,030,731	48,641,699
Effective takeout	19.20%	19.19%	18.59%	17.75%	19.71%
State license fees	3,249,184	3,902,970	3,019,155	3,722,452	2,812,348
State %	1.34%	1.31%	1.21%	0.96%	1.14%
Track Commissions	10,243,724	12,373,221	9,644,550	15,075,838	8,849,531
ADW Commissions	0	0	659,799	1,169,939	1,095,348
Total Commissions	0	0	10,304,349	16,245,776	9,944,880
Track %	4.21%	4.14%	4.14%	4.18%	4.03%
Horsemen purses	9,989,152	12,077,137	9,409,416	14,773,536	8,638,639
ADW Purses	0	0	642,122	1,138,438	1,065,433
Total Purses	0	0	10,051,538	15,911,974	9,704,072
Horsemen %	4.11%	4.05%	3.78%	3.80%	3.50%

OAK TREE RACING ASSOCIATION

YEAR	2000	2001	2002	2003	2004
Total California attendance	599,918	684,495	524,038	642,953	476,145
On-track	301,587	333,575	259,073	327,959	241,016
Off-track	298,331	350,920	264,965	314,994	235,129
Ave. daily attendance	22,219	21,390	20,155	20,092	18,313
Ave. daily on-track	11,170	10,424	9,964	10,249	9,270
Ave. daily off-track	11,049	10,966	10,191	9,844	9,043
Total race events	231	273	222	270	222
Starts	1,973	2,184	1,866	2,122	1,776
Ave. per event	8.5	8.0	8.4	7.9	8.0
Ave. handle per start	91,899	102,263	101,883	155,195	108,188

**OAK TREE RACING ASSOCIATION
AVERAGE DAILY HANDLE**



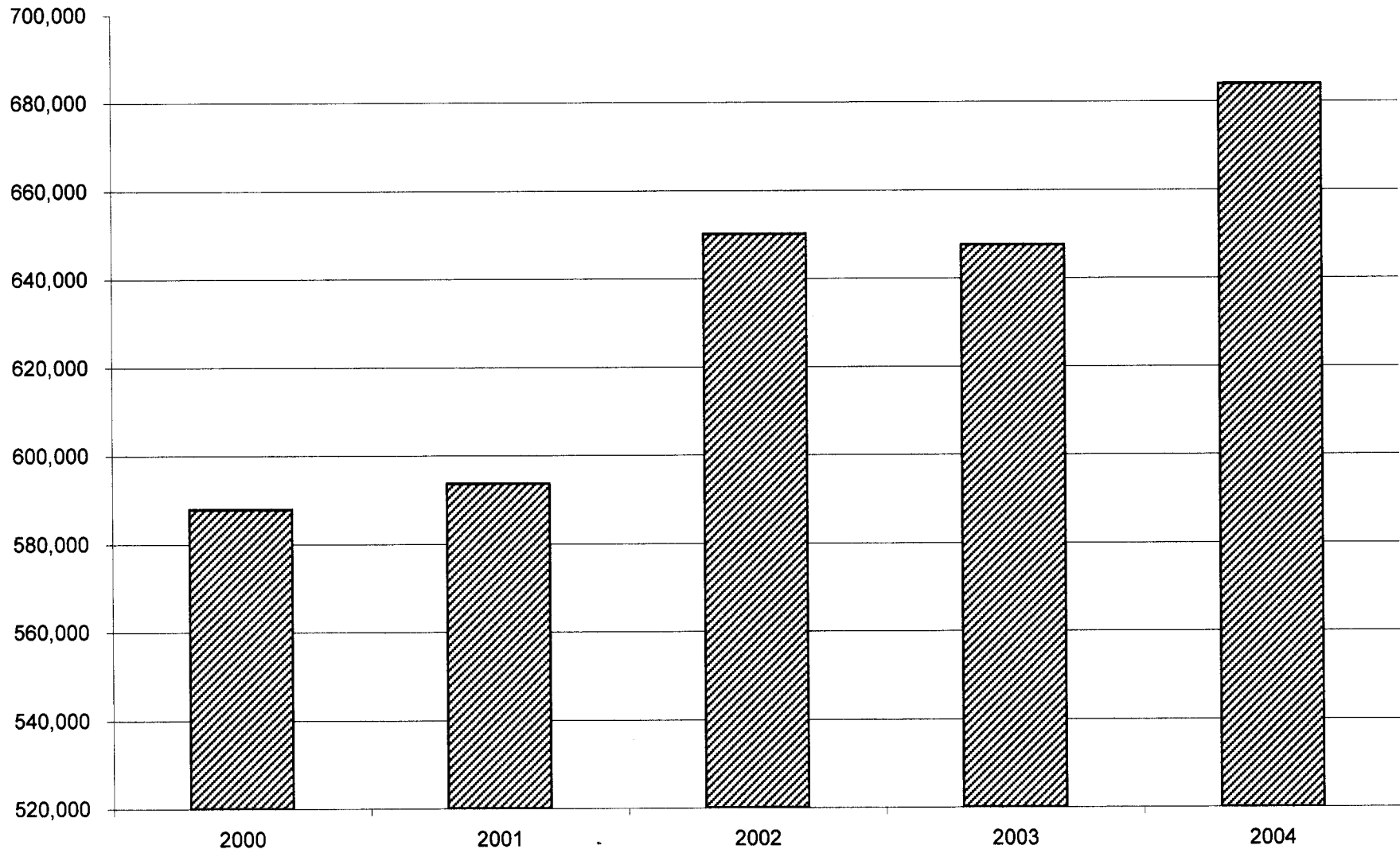
FRESNO FAIR

YEAR	2000	2001	2002	2003	2004
TOTAL RACE DAYS	10	11	10	11	10
TOTAL HANDLE	5,878,164	6,530,750	6,501,327	7,122,973	6,840,268
ON-TRACK	3,038,268	3,377,998	3,147,300	3,313,016	3,117,712
OFF-TRACK	2,635,677	2,922,105	2,427,820	2,266,360	2,023,142
INTERSTATE	204,219	230,647	660,670	645,210	675,873
ADW	0	0	265,538	898,388	1,023,541
LIVE	5,878,164	6,530,750	6,501,327	7,122,973	6,840,268
INTRASTATE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	0	0	0	0	0
AVE. DAILY HANDLE	587,816	593,705	650,133	647,543	684,027
AVE. ON-TRACK	303,827	307,091	314,730	301,183	311,771
AVE. OFF-TRACK	263,568	265,646	242,782	206,033	202,314
AVE. INTERSTATE	20,422	20,968	66,067	58,655	67,587
AVE. ADW	0	0	26,554	89,839	102,354
AVE. CALIFORNIA DAILY HANDLE	567,394	572,737	557,512	507,216	514,085
AVE. LIVE	587,816	593,705	650,133	647,543	684,027
INTRASTATE IMPORTED	0	0	0	0	0
INTERSTATE IMPORTED	0	0	0	0	0
TOTAL TAKEOUT	1,188,800	1,325,192	1,267,290	1,261,192	1,429,489
EFFECTIVE TAKEOUT	20.22%	20.29%	19.49%	17.71%	20.90%
STATE LICENSE FEES	80,068	88,889	80,258	80,181	74,770
STATE %	1.36%	1.36%	1.23%	1.13%	1.09%
TRACK COMMISSIONS	379,023	423,318	389,192	391,003	365,845
ADW COMMISSIONS	0	0	6,362	40,546	54,051
TOTAL COMMISSIONS	379,023	423,318	395,554	431,549	419,896
TRACK %	6.45%	6.48%	6.08%	6.41%	6.50%
HORSEMEN'S PURSES	399,910	446,307	410,913	414,005	387,669
ADW PURSES	0	0	6,136	42,755	57,023
TOTAL PURSES	399,910	446,307	417,049	456,760	444,692
HORSEMEN'S %	6.80%	6.83%	6.41%	6.41%	6.50%

FRESNO FAIR

YEAR	2000	2001	2002	2003	2004
CALIFORNIA ATTENDANCE	106,271	112,195	102,024	110,934	98,984
ON-TRACK	66,644	70,708	67,143	73,301	69,412
OFF-TRACK	39,627	41,487	34,881	37,633	29,572
DAILY ATTENDANCE	10,627	10,200	10,202	10,085	9,898
AVERAGE DAILY ON - TRACK	6,664	6,428	6,714	6,664	6,941
AVERAGE DAILY OFF - TRACK	3,963	3,772	3,488	3,421	2,957
TOTAL RACE EVENTS	98	102	98	101	91
STARTS	785	830	755	762	747
AVERAGE STARTS PER EVENT	8.0	8.1	7.7	7.5	8.2
AVERAGE HANDLE PER START	7,488	7,868	8,611	9,348	9,157

**FRESNO FAIR
AVERAGE DAILY HANDLE**



CALIFORNIA HORSE RACING BOARD

December 2, 2004, Regular Board Meeting

There is no board package material for this item.

Information to be presented at the board meeting.